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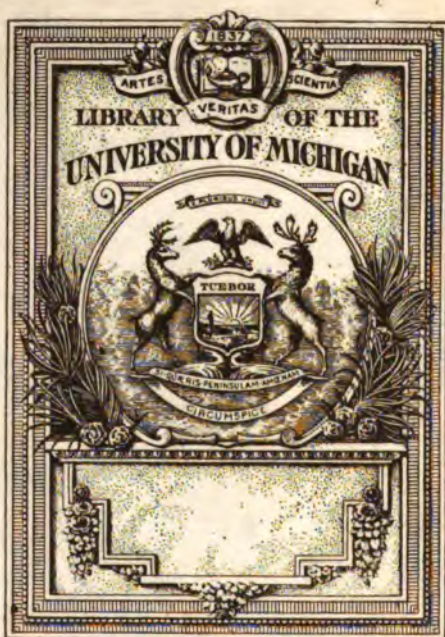
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# AUSTRIA-HUNGARY

## OTHER WORKS BY THE SAME AUTHOR

1. **THE CRIMINAL CODE OF THE GERMAN EMPIRE.** A Translation, with Prolegomena and Commentary. 1885.
2. **CYRIL.** A Romantic Novel. First Edition, 1889; Eighth Edition, 1898. Forbidden in Russia, March, 1889.
3. **ETON AND THE EMPIRE.** An Address delivered at Eton College. First Thousand, 1890; Fifth Thousand, 1892.
4. **ETON AND THE LABOUR QUESTION.** An Address delivered at Eton College. First Thousand, September, 1894; Second Thousand, December, 1894.
5. **THE PROBLEM OF THE UNEMPLOYED.** 1894.
6. **THE PROBLEM OF THE AGED POOR.** 1895.
7. **THE LABOUR PROBLEM.** 1896.
8. **FOREIGN REPORTS ISSUED BY THE ROYAL COMMISSION ON LABOUR.** 1892-94. Vol. I.—The United States. Vol. II.—The Colonies and the Indian Empire, with an Appendix on the Migration of Labour. Vol. III.—Holland. Vol. IV.—Belgium. Vol. V.—Germany. Vol. VI.—France. Vol. VII.—Switzerland. Vol. VIII.—Italy. Vol. IX.—Denmark, Sweden and Norway, Spain and Portugal. Vol. X.—Russia. Vol. XI.—Austria-Hungary and the Balkan States.
9. **RUSSIAN AFFAIRS.** First and Second Editions, 1904.
10. **TRADE UNIONS.** 1905.
11. **CAMBRIDGE MODERN HISTORY.** Vol. XI. —Sections on Nicholas I., Alexander II., and Russian Literature. 1909.

# AUSTRIA-HUNGARY

BY GEOFFREY DRAGE

"Oesterreich ist nicht nür  
Es wird auch sein."

DR. VON KOERBER

"Prefer to think *not* that Hungary has been, but that  
Hungary shall be."—COUNT SZÉCHENYI.

WITH MAPS

NEW YORK  
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1909

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1909

**PRINTED IN GREAT BRITAIN**



DEDICATED

TO MY WIFE

AS A MEMENTO OF OUR DELIGHTFUL TRAVELS TOGETHER

IN AUSTRIA, HUNGARY, CROATIA, BOSNIA,

AND THE HERZEGOVINA

DURING THE AUTUMN OF 1908



## PREFACE

THIS volume is intended to be a practical contribution towards the knowledge of a most difficult and complicated subject. The data on which it is based have been gathered in many journeys, extending over more than twenty years, and were originally collected partly for use in my reports to the Royal Commission on Labour, partly as subsidiary to a book on Russian affairs, and partly as serviceable for debates in the House of Commons. Probably the information would never have been condensed into a book had I not learnt from the greatest living authority that a volume of this kind, dealing with the economic and political problems of Austria-Hungary, was urgently needed, not only by British merchants and public men, but also by His Majesty's diplomatic and consular officers.

The book has therefore been written, not merely for a passing moment, like the present Near Eastern crisis, pregnant though that crisis is with events of far-reaching importance for the civilized world, but rather as an attempt to meet a permanent demand which exists, and has not yet been supplied.

The subject falls naturally into three divisions, and it has been necessary to prefix to each division a separate

historical introduction, inasmuch as the Empire of Austria, the Kingdom of Hungary, and the Austro-Hungarian Conjoint State (*Gesamtstaat*), for historical reasons, regard the question from totally different points of view.

Further, it has been necessary to print in the Appendix several documents, such as the constitutional laws of the countries concerned and the Treaty of Berlin, because reference is constantly made to them in every discussion of the problems of the dual monarchy, yet the actual text is not easily accessible to the general reader.

As far as possible, in dealing with such a vast mass of material, the book has been brought up to date throughout, down to January 1, 1909. References to the authorities for the statements made are placed at the foot of each page, and not only serve as a means of acknowledging my very great obligations to many eminent writers, but also will enable politicians, officials, and business men, to verify the facts on debatable questions of law, economics, or history, and to obtain further details if they are required. It is probable that such additional information will become more and more essential as time goes on, because both history and practical politics will be more occupied with economic problems than with those religious, dynastic and national questions which have played so great a part in the past.

As this book is intended not so much for scholars as for the general public, no strict rule has been followed in rendering Slavonic, Magyar, or other foreign names, into English, but the translation which appears likely to

be most familiar to English readers has in each case been chosen. Nothing would be gained by transforming the well-known names Wekerle, Goluchowski, and Kossuth, into Vekerly, Goluhofsky, and Koshoot.

The maps, of which there are an unusual number, are employed to illustrate and supplement the text, especially in the historical introductions. There is an immense amount of information condensed in them which it is necessary for readers to have before them, but which it would have been impossible to express in print within the limits of this volume.

If the book has any merits, they are due to the unstinted help of innumerable friends in both halves of the dual monarchy, and to the personal assistance and advice of His Majesty's representatives at Vienna and Buda-Pest, which have been most freely given for many years past. It would be difficult to overrate the value of the information collected by His Majesty's servants abroad, and published by the Foreign Office; but reports such as those contributed by members of the British Embassy at Vienna on finance, and the British Consuls at Serajevo on the condition of Bosnia and the Herzegovina, are undoubtedly as good as, if not better than, those of any similar foreign service.

In conclusion, I should like to assure my friends both in Austria and Hungary that on all the bitterly controversial questions with which this volume deals, not only within the dual monarchy, but also where my own country is concerned, I have tried to hold the balance level. The older one grows, the pleasanter do memories of long and unbroken friendship become; and of all

the countries in which I can claim such memories, in a life passed in travel and public work, there are none to which both heart and mind more readily and affectionately turn than to those dominated by the twin capitals of Vienna and Buda-Pest.

G. D.

BIARRITZ,  
*January 19, 1909.*

P.S.—During the passage of these pages through the Press a number of events have taken place, the more important of which are briefly recorded in the footnotes. The net result up to May 1 has been that the principal difficulties, both external and internal, with which Austria-Hungary is confronted, have not been solved but postponed. On the other hand, it is to be remembered that the success of Baron Aehrenthal's diplomacy has produced a wave of patriotism at home, and an increase of prestige abroad, which will be of the utmost value in practical politics, and render the immediate future of the Hapsburg realms a problem of greater interest than ever.



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# AUSTRIA-HUNGARY

## I.—AUSTRIAN AFFAIRS

### CHAPTER I

#### INTRODUCTION

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2. **GRADUAL EVOLUTION OF DUALISM :** The Compromise of 1867—From 1867 to the Koerber Administration.
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4. **CENTRAL AND LOCAL GOVERNMENT, OLD AND NEW.**
5. **POLITICAL PARTIES AND QUESTIONS ; PRESENT GOVERNMENT AND FRANCISE :** Universal Suffrage, 1906—New Parliament, 1907—Rise of Austrian Social Democracy—The Emperor's Jubilee, 1908.

#### 1. EARLY HISTORY.

Few names can rival that of Austria in the glorious memories and bitter prejudices that it arouses ; few countries have the same record of dauntless gallantry and dogged ill-fortune ; few are the home of so many lost causes and forgotten beliefs ; few have still so important a part to play in the history of the world. In quick succession there flit before the mind visions of Rudolf, the founder of the House of Hapsburg ; of Maximilian I., the originator of its greatness, the bravest and most adventurous of men ; of Charles V., with his manly perseverance, his tenacity of just rights, slow in action, deliberate in council, moderate in victory ; of

Maximilian II., the most perfect cavalier, who exemplified better than any other the spontaneous and never-failing courtesy of his race.<sup>1</sup> Then there is the long line of Jesuit creatures in the purple, alternately fanatics and fainéants, redeemed by such royal apparitions as that of Maria Theresa—"most brave, high and pious minded ; beautiful too, and radiant with good nature, perhaps the noblest woman then living"<sup>2</sup>—and last, but not least, that of the old man, patient and heroic, who now for some sixty years and more has concentrated in his person the loyalty of the many nations and kindreds and peoples that still regard his house with an affection more medieval than modern in its intensity. There are ancient tales, like those of Leopold of Babenberg and Richard Cœur de Lion ; there are grim episodes, like those of Tilly and Wallenstein ; there are romances, such as those we connect with the names of Don John of Austria, John Sobieski, and Prince Eugene ; there are the histories of national heroes, like Andreas Hofer and Admiral Tegethoff ; there are tragedies, such as that of the reformer John Huss ; there is the pathos of the lives of men like Joseph II. and Count Stadion, who lived too soon. There is the pity of the long and losing fight made, with all the tenacity of men of ancient lineage and unbroken pride, for the Church of Rome and for the policy of the Holy Alliance against religious and political freedom, which is the cause of the deep suspicion with which Western Europe even now watches the policy of the dual monarchy of Austria-Hungary towards the Free States of the Balkan Peninsula. But in spite, and indeed because, of the past there is still hope springing eternal in the breast of the Austrian statesman ; and whether we look back at the storms she has weathered or at the clouds that are now gathering on her horizon, we cannot resist the conviction that "Oesterreich ist nicht nur, es wird auch sein." The political and religious problems of the past

<sup>1</sup> "Cambridge Modern History," vol. i., pp. 312, 322.

<sup>2</sup> Carlyle, "Frederick the Great," vol. v., p. 26.



are repeating themselves, it is true, in a new and more dangerous form, complicated by puzzles of nationality and economic conditions which might well seem insoluble, but which contain the roots of future development and future prosperity. Above all, the important fact remains that behind the Hapsburg throne there stand in serried ranks, not only the descendants of the heroes of the Seven Years' War, and of those whose unconquerable courage alike the Napoleonic campaigns of Italy and of Aspern and Wagram left untarnished and undismayed, but also the sons of the heroes of Lissa, whom a wise and prudent policy has welded into one of the most efficient of the navies of the world.<sup>1</sup> Swords have not yet been turned into pruning-hooks, and in spite of peace congresses and the evolution of democratic sentiment there is one stern final arbitrament to which appeal will have to be made before the name of Austria can be erased from the map of Europe, and, in my judgment, that appeal will in our time, at any rate, not be made by Austria in vain.

To a reflecting man this conclusion is all the more striking, because the key to Austrian history, from the foundation of the Ostmark to the reforms of 1906, lies in the sentence: "L'Autriche n'est pas un état, c'est un gouvernement."<sup>2</sup> We have not to deal with the luminous development of one great race with a national language, literature, and religion, but with the evolution under one government of many different populations, living in territories gathered together in the course of many centuries by chance, by purchase, by marriage settlement, and by war,<sup>3</sup> varying as widely in every essential particular as the scenery in which their lot is cast. German, Slav, and Latin,<sup>4</sup> with many minor racial subdivisions, have competed, and still compete, for the mastery. Austrian history resolves itself into an account of the manner in which the heterogeneous

<sup>1</sup> Burgoyne, *Navy League Journal*, October, 1908.

<sup>2</sup> *Edinburgh Review*, July, 1898.

<sup>3</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 7.

<sup>4</sup> "Statesman's Year-Book," 1908, p. 709.

lands and peoples now represented in the Austrian Reichsrath were gathered and held together.

In this complicated narrative the physical and external causes which forced the Hapsburg lands together form guiding threads. First there is the geographical unity, not so imperious as that of Hungary, but nevertheless real, for the isolated plains are connected and controlled by the Danubian system ; and next there is the common allegiance which binds the varying nationalities to the reigning house.<sup>1</sup>

The name Austria, literally "Kingdom of the East," appears for the first time in history in 996, in a document signed by the Emperor Otho III., which contains the words, "in regione vulgari nomine Osterreichi." By the end of the tenth century this frontier district, which served as a buffer land between the Empire and Hungary, was virtually made a hereditary margravate in the Babenberg family, since the Emperor felt it was expedient that one family should interest itself in this territory, "ever in danger." Throughout the eleventh century the march was enlarged by further accessions in reward for service and by right of conquest. In the twelfth century the familiar adage,

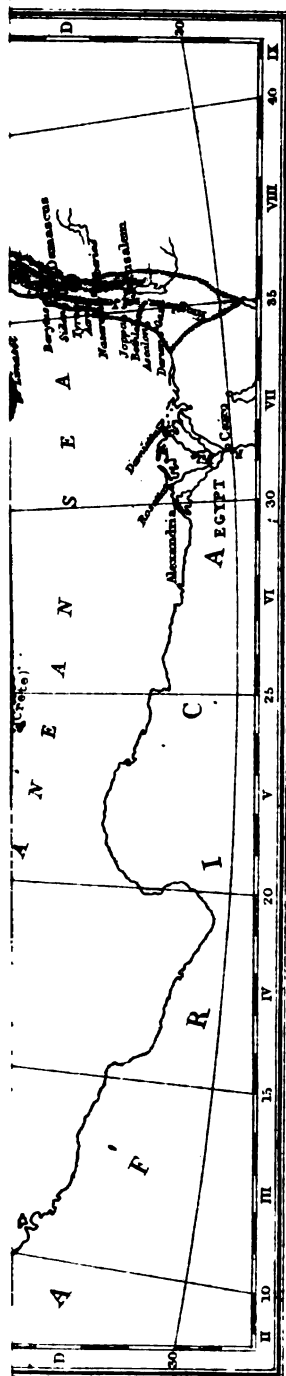
*"Bella gerant fortes tu felix Austria nube,  
Nam quæ Mars aliis dat tibi regna Venus,"*<sup>2</sup>

was already applicable, as far as it ever became so, to the reigning house in the Austrian hands. Although the House of Babenberg, like its successor, the House of Hapsburg, acquired additional territory by a lavish expenditure of blood and treasure, to the Babenbergs, as to the Hapsburgs, marriage brought fortune. In 1138 Konrad of Franconia, the brother-in-law of Margrave Leopold IV., became Emperor, and conferred the duchy of the rebellious House of Bavaria

<sup>1</sup> Royal Commission on Labour, Report on Austria-Hungary, p. 8.

<sup>2</sup> Leger, "Histoire de l'Autriche-Hongrie," pp. 124-127; Springer, "Grundlagen und Entwicklungsziele der Oesterreichisch-Ungarischen Monarchie," p. 7.





*London, John Murray.*

upon the Austrian ruler. Henry II., Leopold's brother, became the first hereditary Duke of Austria, and in 1154 received from Frederick Barbarossa the famous charter, known as the *Privilegium minus*,<sup>1</sup> with which the Emperor invested "terram Austriæ quæ clipeus et cor sacri imperii esse dinoscitur," and which marked the first step in the process by which Austria, while outwardly belonging to the Empire, eventually became inwardly an independent territorial State. In this reign Bavaria was restored to its lawful heir, but Henry received in compensation the greater part of the land between the Enns and the Inn.<sup>2</sup> Under Leopold V., who succeeded Henry II. in 1177, the territory was further increased by the addition of the province of Styria, and the name of Austria became known to Western Europe by the part he took in the Third Crusade. His successors, Frederick I. and Leopold VI., also became Crusaders; and under the last named the internal commerce and industry of the territory were developed, the towns of Enns, Krems, and Vienna receiving charters from him. Not only did wealth increase to a remarkable extent, but poetry and the arts were cultivated "with passion" at the Court of the House of Babenberg, and a German literature flourished. In 1246, however, Frederick, the last of the Babenbergs, was killed on the banks of the Leitha fighting against Hungary, the hereditary foe of his house.<sup>3</sup>

From 1246 until 1276 there was a period of confusion, in which various claimants struggled for the possession of the Austrian lands. For some time Ottocar of Bohemia appeared to be in the ascendant, but from 1278, the year in which Rudolf of Hapsburg was elected head of the Holy Roman Empire, it became clear that he had designs upon the Babenberg inheritance. In these he was eventually successful, thanks to his victory at Marchfeld (1278), in

<sup>1</sup> Ulbrich, "Das Oesterreichische Staatsrecht," p. 3.

<sup>2</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 129.

<sup>3</sup> Leger, p. 133.

which Ottocar, "the rampart of Christianity, a lion in bravery, an eagle in goodness,"<sup>1</sup> was defeated and slain.

The founder of the House of Hapsburg was born on May Day, 1218, in the old castle of the Counts of Upper Alsace, Habsburg, or Habichtsburg, on the Aar, between Olten and Zurich, with a modest title and a still more modest heritage. He was a soldier of fortune, but by luck, valour, and enterprise, by the acquisition of land through the death of his uncle, by the fame of his military exploits, and last, but not least, by a certain charm of manner, aided by a shrewd knowledge of when it was expedient to charm, he gradually raised himself until, in his fifty-sixth year, he reached the highest position in the Christian world.<sup>2</sup> Like his Babenberg predecessors, he strove, through matrimonial alliances, to increase and consolidate the lands he had won by the sword, though the Bohemian marriages bore no lasting fruit at that date, for his son enjoyed the crown of Bohemia only for a short period.<sup>3</sup> A contemporary writer sums up the impression Rudolf produced in his own time in the sentence: "Seigneur, Dieu tiens toi bien sur ton trône; sinon ce Rudolphe te renversera aussi." Muratori describes him as "glorious for his many virtues, but still more glorious for the many Emperors who have descended from him."

After the accession of the Hapsburg dynasty, the first important event in Austrian history was the acquisition, partly in virtue of a marriage settlement,<sup>4</sup> and partly by purchase,<sup>5</sup> of the Tirol, which was destined to become one of the most faithful and loyal of the territories. By this acquisition Austria came into contact with the old possessions of the Counts of Alsace in Germany and Switzerland, and also opened up communications with Italy. In 1379 the Austrian State was dismembered, Albert and Leopold, the brothers of Rudolf IV., dividing the hereditary States between

<sup>1</sup> Bryce, "Holy Roman Empire," p. 213.

<sup>2</sup> "Historians' History of the World," vol. xiv., pp. 149, 150.

<sup>3</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 139.

<sup>4</sup> Leger, p. 144.

<sup>5</sup> Palmer, "Austro-Hungarian Life in Town and Country," p. 105.

them. In 1457, however, the Albertine branch came to an end, and the territories, which had been enlarged by new acquisitions—amongst them, that of Trieste (1382)—were again united.<sup>1</sup> A few years earlier, in 1453, the fall of Constantinople had taken place, an event which not only deeply affected the cultural advance of Europe, but was of vital importance to the political future of Austria; for it was the pressure of the Turk which not only forced Austria, Bohemia, and Hungary, to sink their common differences in order to present a common front against the infidel, but kept this incongruous alliance together for centuries to come.<sup>2</sup> The pressure commenced immediately. In 1472, 1473, and 1493 Frederick saw his estates ravaged by the Ottomans, who penetrated as far as Styria. Frederick's successor, Maximilian I. (1493-1519), was the first of the Hapsburgs to play a great part in European politics, and from his accession the Holy Roman Empire, which had been Teutonized under Otho and his successors, became more and more an Austrian appanage. \ Maximilian united under his sceptre all the dominions of his house—Austria proper, Styria, Carinthia, Carniola, and the Tirol—while Trieste and Fiume gave him access to the sea. In 1499, by the Peace of Bâle, he lost Switzerland, but in 1500 he inherited Goritz and Gradisca, Mitterburg and Presterthal. His reign is chiefly distinguished by his struggle with France and the great part he played in Germany. But the interest he evoked and the fame he enjoyed as Emperor, as well as his marriage with Mary of Burgundy, which prepared the way for the domination of Charles V. in Spain, the Indies, and South Italy, did not do more than shed a borrowed lustre upon the hereditary dominions, though Austria was directly affected by the matrimonial alliances with the royal houses of Bohemia and Hungary, which laid the foundation of her position for modern times. Sad to say, while

<sup>1</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 150.

<sup>2</sup> Palacky, "Oesterreichs Staats-idee," p. 3.

the prestige of the Hapsburgs grew in Europe, the prosperity of the country they owned diminished. Famine was rife in the hereditary lands, and famine, joined to the injustice and exactions of the selfish nobility, gave rise to the peasant war in Carniola in 1509, an insurrection which quickly spread to the neighbouring provinces. It was thoroughly characteristic of the peasants that they declared expressly that they were fighting against the estates, and not against the Sovereign.<sup>1</sup> Seven years after the death of Maximilian the Turks defeated the Hungarian army at Mohacs (1526), and in that battle Louis II., King of Hungary and Bohemia, was slain.<sup>2</sup> A few months later Ferdinand I., the Spanish-bred grandson of Maximilian and brother of Charles V., became King of Hungary and Bohemia, as well as Archduke of Austria. Hungary and Bohemia nominally remained distinct from the hereditary dominions, nominally had nothing in common save the person of the Sovereign, whom they accepted; but practically they were forced to become one State in the presence of the common foe. German Austria, Slav Bohemia, and Magyar Hungary belonged at the time of their union to three such different and apparently incompatible races that some reference to the past history of the two last-named is necessary to explain the difficulties of the new Triune State.

Geographically Bohemia forms an independent, isolated unit, with a curious resemblance to Thessaly, shut in by mountains on three sides, belonging rather to the Elbe system than to the Donaureich.<sup>3</sup> While the Babenberg duchy was painfully adding county to county, still an insignificant fief of the Empire, Bohemia, in its well-marked borders, was already a kingdom, having attained the royal title in 1204.<sup>4</sup> In 1256 the Czech King, Ottocar II., refused the imperial crown, and at one time his rule extended from the Adriatic

<sup>1</sup> Leger, "Histoire de l'Autriche-Hongrie," pp. 248-246.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongroise," p. 1.

<sup>3</sup> Eisenmann, p. 2.

<sup>4</sup> Leger, p. 99.



almost to the gates of Berlin. In the fourteenth century, under the son of the Blind King (John of Luxemburg, killed at Crécy), who was elected Emperor in 1347, Bohemia was the centre round which the Empire gravitated, a mere annex to Czech prosperity. Prague became (1348) the seat of a University second only to that of Paris, and though not a Czech by birth, Charles well earned the title of Father of Bohemia and Stepfather of the Empire.<sup>1</sup> The Bohemian King became one of the seven imperial Electors; but Bohemia herself remained exempt from imperial interference, the Bohemian estates alone having the right to elect their ruler.<sup>2</sup>

The reign of Charles's incompetent son, Vacslav, coincides with the great schism and the reform movement of John Huss. In 1377 Gregory XI. returned from Avignon to Rome, and at his death two Popes were elected, one representing the French and the other the Roman party.<sup>3</sup> Internally Bohemia was in a condition bordering upon anarchy, for the impotence of the King and the quarrels in the royal house diminished the people's respect for political authority, while the scandalous spectacle offered by the two Popes to the Christian world and the ecclesiastical disorders had shaken religious authority to its foundations.<sup>4</sup> A contemporary writer, André de Gesky Brod, summed up the situation in the following terms: "Among ecclesiastics, no discipline; among the Bishops, open simony; among the monks, unending disorders; among laymen, any abuse not already practised by the ecclesiastics." The position was further aggravated by the mutinous condition of the serfs and the indignation of the Czechs against the rapidly growing and preponderating influence of the Germans. A revolution was inevitable; but religion was the principal interest in the Middle Ages, and it was therefore in the world of religious ideas

<sup>1</sup> "Historians' History of the World," vol. xiv., p. 179.

<sup>2</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 159.

<sup>3</sup> "Historians' History of the World," vol. xiv., p. 195.

<sup>4</sup> Leger, p. 163.

that the revolution took place. Of this movement John Huss was the principal hero. The Wyclif of Bohemia, like his English forerunner, embodied all that was required to satisfy the moral needs of the time. A priest, he preached the reform of the Church; a scholar, he popularized the Divine Word in the common language; a patriot, he tried to rescue the Bohemian nationality from the intellectual oppression of the German minority. Huss united and expressed the protests of nationality, of morality, and of dogma against the German influence in Bohemia and the corruption and teaching of the Church.<sup>1</sup>

The bold denunciations of the Reformers were warmly resented by the Church, but, like Wyclif, Huss had powerful friends among the nobles, while the difficulties with regard to the settlement of the schism diverted attention. In July, 1415, however, Huss, who had already been imprisoned, was tried and burned, after a final refusal to recant made at the stake. The news of the martyrdom aroused a storm of indignation in Bohemia, where it was regarded as an insult to the Czech nation and a crime affecting the whole Slav race. Huss had lit a candle which was not put out till Bohemia had been desolated and denationalized. A great revolt broke out, orthodox priests were harried and robbed, Huss was pronounced a saint and martyr, and the University of Prague declared that the Communion in both kinds (Utraquism) was essential for the salvation of souls. For years war continued in Bohemia, and it was in vain that King Sigismund called upon the Princes of the Empire to assist him. In spite of the death, in 1424, of their able leader, Ziska de Huss, the Taborites, as the Hussite rebels were called, continued to be victorious. The exploits of the Czechs filled all Europe with alarm and admiration, while their doctrines spread far beyond the borders of Bohemia to Germany, France, Hungary, and Poland.<sup>2</sup> The Church attempted reconciliation in 1438, but without success. In 1436 peace was at

<sup>1</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 164.    <sup>2</sup> Leger, pp. 177, 187.

length concluded,<sup>1</sup> but the Czechs re-entered the Church without surrendering the principles which had caused their separation. They also gained recognition of their nationality, for Sigismund (the last of the House of Luxemburg) promised to appoint none but native officials in Bohemia.<sup>2</sup> The religious difficulty remained unsettled in succeeding reigns. Indeed, it received a fresh impulse from the doctrines of Luther, who began to preach in 1521, and at the date of the Battle of Mohacs had become more accentuated than ever.<sup>3</sup>

When, then, Bohemia came under the domination of Ferdinand, it was a kingdom tenanted by a nation full of vitality, with glorious and ancient traditions, tenacious of its nationality and religion, the champion of intellectual and religious freedom, a kingdom larger, more populous, and more illustrious than the Archduchy, with which it was to be henceforth associated.

The history of the third partner in the Triune State has been dealt with at length in a later chapter, but for more than a century and a half after Mohacs Hungary did not directly influence the internal condition of Austria, being perpetually in insurrection, and periodically in alliance with the Turks. In the Magyar kingdom a vigorous race had preserved the national and territorial integrity of the State for hundreds of years,<sup>4</sup> and here the reformed religion had obtained many stubborn adherents; but the most serious difficulty which the Austrian Government had to face, and to which after centuries of struggle it had to capitulate, was a constitutionalism more baffling than Bohemian heresy.

The European situation in 1526 favoured the foundation of the Empire. Great States had just been established in the West, while in the East had arisen the new and formidable power of the Turks. Hence

<sup>1</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 194.

<sup>2</sup> "Historians' History of the World," vol. xiv, p. 213.

<sup>3</sup> Leger, pp. 203, 210, 211.

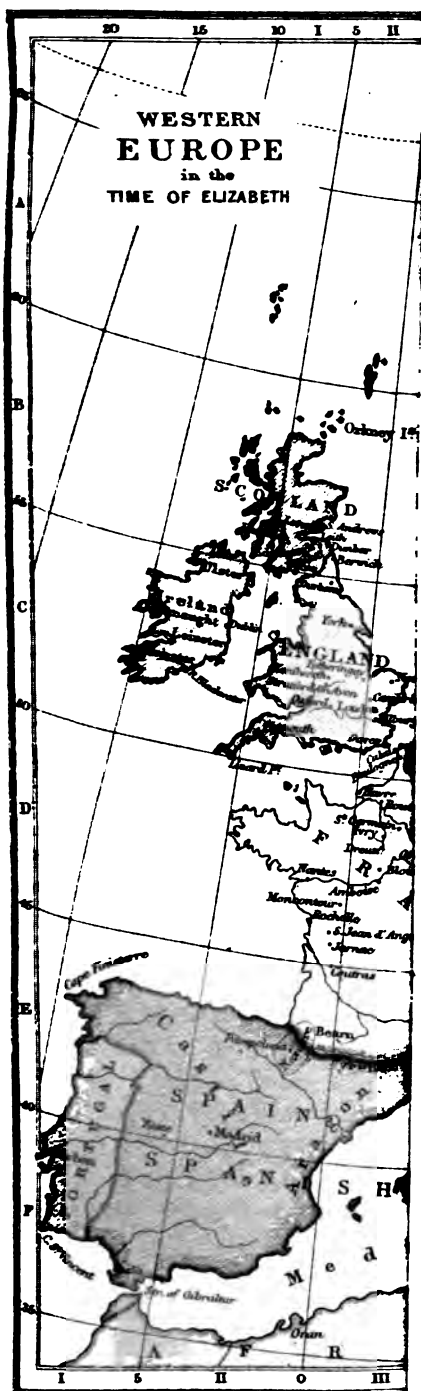
<sup>4</sup> Eisenmann, "Le Compromis Austro-Hongrois," p. 528.

Bohemia and Hungary, in spite of their mistrust of the Hapsburgs and their jealousy for their own independence, felt that to avoid absorption they must form an offensive and defensive alliance with Austria against the infidel.

To Bohemia and Hungary the accession of the Hapsburgs was the fulfilment of a contract. Ferdinand was offered the double throne in return for protection. The settlement was, in short, in the view of the Diets, a triple alliance which involved no sacrifice of right or privilege.

Ferdinand, on his side, did not concern himself with constitutional niceties. His accession meant to him a wide extension of the Hapsburg lands, and his policy was to centralize the Government. Under this monarch the salient characteristics which the Hapsburg rule retained up till the settlement of 1867 were all evinced. The Government was despotic, military, bureaucratic, centralizing, and Germanizing without being German, for the Court was Spanish, Burgundian, and French. German, being the language of the Empire, was the official language of the monarchy, and the administration of Bohemian and Hungarian affairs was carried out by the creatures of the Sovereign, who were controlled from Vienna. Being endowed with remarkable political insight and unusual experience in politics and diplomacy, the Hapsburgs enlisted the two great forces—the one moral, and the other social—the Church and the nobility, in support of their idea of the State. The Hapsburg policy was guided by the medieval conception of the Universal Church and the Universal Empire—the Church as the helpmeet of the State, an idea which gathered strength from the relations they were obliged to keep up with the many neighbours of their various possessions.

On the other hand, the Hapsburgs recognized that it was vain to hope to Germanize the whole heterogeneous mass of peoples under their rule, but they strove to cement the Triune State by the creation of an Austrian





élite which should rally round the throne.<sup>1</sup> This was the most original conception of their race. The nobles from the different quarters of their dominions congregated at Vienna all the more because many families were driven into Austria by Turkish invasions, and there they intermarried and became practically denationalized.

Had Ferdinand and his successors contented themselves with attempting to form an Austrian State, there can be little doubt that they would have succeeded, for, backed by the Church and the nobility, they could well have moulded the Triune State into one united realm. But the Archduke was overshadowed by the Emperor, and the Hapsburgs sacrificed the substance of the Austrian State to the shadow of the Empire, which they were not strong enough to restore. They failed to grasp the power of ideas. They did not realize the incompatibility of the Empire and the Austrian State, and were unable to see that by clinging to the Crown, which had ceased to be "either holy or Roman or imperial" except in name, and by identifying themselves with Germany, they ruined their chances of assimilating Hungary and Bohemia. To them as monarchs of Austria, or, to use the title eventually adopted, Emperors of Austria, absorption might well have been possible, but to them as Emperors of Germany it was impossible, because it appeared to Hungarians and Bohemians to be absorption by an alien power, and that idea strengthened Hungarian and Bohemian resistance.<sup>2</sup> The essential feature of the history of the Austrian State from 1526 onward is the varying success of the Austrian policy in Bohemia and Hungary. While Bohemia succumbed, Hungary succeeded in saving her constitution and her national existence.

As the head of the Catholic party in Germany and in Austria, the Emperor only maintained a tolerant attitude to the reformed religion on account of his engage-

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 3-8.

<sup>2</sup> Eisenmann, p. 6.

ments. The Bohemian Utraquists he was obliged to protect, but the Lutherans and the Frères Bohèmes did not receive the same toleration. Half a century later, under Ferdinand II., the Counter-Reformation was rigorously pushed. The dynasty, and hence the State system, became vehemently Catholic. The alliance between Rome and Hapsburg, the result of political calculation in Germany rather than of an impulse of faith, became afterwards a matter of sentiment, as much and more than a matter of reason to the Austrian Sovereigns, and their devotion gave the State that deep impress of Catholicism which still characterizes Austria.<sup>1</sup>

In Bohemia discontent continued to grow throughout a century. The triumph of the Reformation in Germany, which was assured by the Peace of Augsburg, encouraged the Evangelicals in Bohemia, and at the same time exasperated the Emperor still further against his heretical subjects.

Religious quarrels continued with but little intermission till 1618, when a slight incident relative to the closing of two Utraquist churches led to a rebellion. After negotiations had failed war was declared, and in 1620, at the Battle of the White Mountain, the insurrection was crushed.<sup>2</sup> "The victory removed Bohemia from the list of independent nations, at least in part, for during 200 years she had to give up her language and many of her historical privileges."<sup>3</sup>

The news of this great triumph produced a delirious joy—*une sorte d'ivresse*—among the Catholics all over Europe. At Vienna the churches rang with acclamations and cries for vengeance. The Capucin Sabinus, preaching before Ferdinand, took for his text, "Thou shalt chastise them with a rod of iron, and break them like a potter's vessel," and warned him to crush the rebels, lest he merit the curse of Achab. Ferdinand,

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 7, 8.

<sup>2</sup> Leger, "Histoire de l'Autriche-Hongrie," pp. 277-279.

<sup>3</sup> *Edinburgh Review*, October, 1903.



who had issued ordinance after ordinance against perjury and blasphemy, regarded the persecution of the Bohemians as an absolute duty. The supreme error—revolt against the Church—merited the extreme penalty it was possible to inflict.<sup>1</sup> The University of Prague was transferred from the Utraquists to the Jesuits; Czech literature was mercilessly proscribed, and books and manuscripts were destroyed. At the same time torture, confiscation, and banishment, drilled the country into a semblance of religious unity, although many secret adherents of the old sects remained, whose descendants were to welcome the dawn of freedom under Joseph II.<sup>2</sup>

After the Bloody Diet of Prague, Bohemia was practically handed over to the mercy of the Jesuits, "missionnaires bottés et éperonnés."<sup>3</sup> The Czech element, the prop of revolt and heresy, was eliminated from the upper and middle classes. Confiscation and emigration decimated, and above all decapitated, the Czech nation. A rapacious foreign aristocracy exploited the land. The peasants only remained. The constitution of 1627 declared the absolute power of the monarch, and registered the triumph of the Church by creating a new Order—that of the ecclesiastics—in the Bohemian Diet. Under the new constitution, Catholics, up till now a small minority, were alone eligible for the Diet. The legislative authority was vested in the King, resident at Vienna; from there the finances were controlled. The army was an imperial force, and many privileges of the Diet and feudal nobility were suppressed. But through laziness and incapacity to grasp ideas Ferdinand failed to extinguish the last forms of autonomy—the Diet, the Chancery, and the Coronation—and these institutions, long in abeyance, but still extant, remained to form a foundation for a Czech revival.<sup>4</sup> Further, under this constitution the Emperor was forbidden to attempt to destroy the autonomous privileges of the kingdom of

<sup>1</sup> Denis, "*La Bohème depuis la Montagne Blanche*," vol. i., pp. 16-21.

<sup>2</sup> Leger, "*Histoire de l'Autriche-Hongrie*," p. 362.

<sup>3</sup> Denis, vol. i., p. 179.

<sup>4</sup> Eisenmann, "*Le Compromis Austro-Hongrois*," p. 13.

St. Wenceslaus, a clause which furnishes the Czech parliamentary group of to-day with their password of "historic right."<sup>1</sup>

The history of the Austrian State from 1627 to 1848 falls into two periods: the first, which ends with the Pragmatic Sanction, is a lugubrious chronicle of the reigns of more or less incompetent monarchs bolstered up and directed by the Jesuits. In this epoch two definite steps are taken in the evolution of the State—Bohemia becomes united to the hereditary lands, while Hungary, after almost two centuries of insurrection, makes peace with Austria, obtaining practically the ratification of her independence.

In the second period, which extends over the eighteenth and half of the nineteenth centuries, Austria first enjoyed the invigorating influence of two of the ablest rulers her dynasty has produced, and then suffered a relapse on the part of the Government, to be followed by a great national awakening among all her peoples.

From 1627 to 1848 Bohemia fell under a politico-clerical despotism, in which one element or the other was supreme in turn. On the one hand, the Jesuits waged ceaseless war against heretic traditions and literature; on the other hand, bureaucratic centralization and Germanization continued steadily. In 1637 Ferdinand II. closed his unfortunate reign. This Emperor, who was so absorbed in his *Pater Nosters* that he was deaf to the long cry of distress, "qui aujourd'hui encore ébranle nos entrailles,"<sup>2</sup> has been overwhelmed with execration and contempt. It can only be said that, if he erred, he erred by conviction; if he was indifferent to suffering, he was equally indifferent to his own fortunes. Mediocre in intellect, he blindly followed the teachings of his spiritual masters, the Jesuits. He was inspired by no hatred of the heretics; his one desire was their salvation and his own. To Ferdinand II. succeeded Ferdinand III. Like his

<sup>1</sup> *Edinburgh Review*, October, 1903.

<sup>2</sup> Denis, "*La Bohême depuis la Montagne Blanche*," vol. i., p. 179.

father, he detested heresy ; like his father, he was under the thumb of the Jesuits. To a very moderate capacity he added a constitutional laziness. With the *génération épuisée* who lingered after the epoch of persecution, he had an immense need of repose. During this period the Czech literature, the Czech language, and the Czech nationality declined. The wasted districts were re-peopled by Germans. Pilgrimages and superstition came into vogue. A revival of Protestant feeling later in the seventeenth century was crushed out by the whip and the pillory, the executioners being in many cases the Jesuit Fathers.<sup>1</sup>

Leopold I. (1657-1705), who succeeded his father, Ferdinand III., was a timid man without generous feelings, but he was far from the ferocious tyrant that legend paints him. His appearance lent itself to caricature. His Hapsburg lower lip was so exaggerated that his teeth protruded and impeded his speech, while his mouth was always agape. In his Court, etiquette was rigorously observed, but the palace was poorly kept. The Emperor went out in great state to the chiming of many bells, "*seulement les bas rouges de Léopold sont usés.*"<sup>2</sup> The vigorous propaganda of the Society of Jesus had now begun to result in something approaching moral unity. Uniformity of education, of which the Jesuits maintained the monopoly, had an important influence on the progress of centralization, of which the special feature was the employment of the German language, which had been placed on the same footing as the Czech language in 1627. German immigration into Bohemia before, and still more after, the Thirty Years' War led to more complete Germanization of that country. Extreme poverty is a great corruptive, and the Czechs ended by attaching themselves to their masters. In superstition they sought forgetfulness of their ills and their decadence.

<sup>1</sup> Denis, "*La Bohème depuis la Montagne Blanche*," vol. i., pp. 181-183, 202, 203.

<sup>2</sup> Denis, i. 291.

At the beginning of the eighteenth century, after long years of a common existence, Austria and Bohemia, bound together by countless common interests, began to draw closer to one another and to reduce their differences, pending the moment of complete fusion.

Hungary, on the other hand, was a constitutional State, differing widely from the German Slav centralized bureaucracy. It stood alone, and its affairs were treated as foreign. In 1683, for the first time, a definite submission was made to Leopold; but the submission was conditional on the distinct recognition of the absolute independence of the crown of St. Stephen, and this principle was jealously and unremittingly maintained against the machinations of the centralizing party.<sup>1</sup> The insurrectionary period was, however, drawing to its close. In 1699, by the Peace of Carlowitz, the Turk was practically driven out of Hungary. The national territory and the integrity of the throne were restored, and Hungary was delivered from the infidel, thanks to Austrian armies,<sup>2</sup> though it is noteworthy that the heroic leaders of those armies were foreigners, like John Sobieski, Duke Charles of Lorraine, and Prince Eugene. The Magyar nation had recognized its obligations, and for the first time was thoroughly submissive to the dynasty. The Treaty of Szatmar in 1711 marks a turning-point in the history of the Austrian State: the reconciliation between Austria and Hungary was finally sealed, and a new era opened in the relations between Hungary and the Hapsburgs.<sup>3</sup>

## 2. GRADUAL EVOLUTION OF DUALISM.

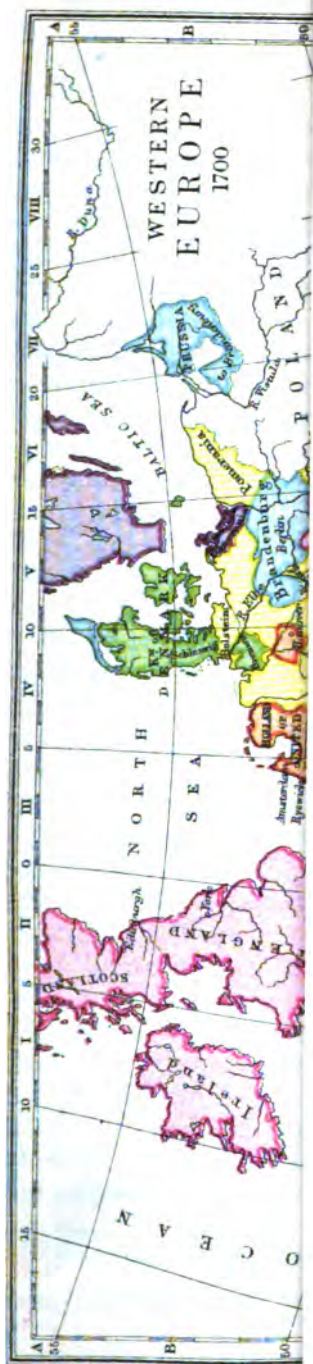
The dualism which had steadily grown, since the Triune State had to all intents and purposes been ended at the Battle of the White Mountain, was asserted in the Pragmatic Sanction (1724),<sup>4</sup> which

<sup>1</sup> *Edinburgh Review*, October, 1903.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 15, 16.

<sup>3</sup> Eisenmann, p. 17.

<sup>4</sup> Cf. Appendix.





was primarily made by Charles VI. to enable his daughter Maria Theresa to occupy the throne. (In the Pragmatic Sanction, Charles VI. affirmed the territorial unity of the monarchy by regulating the succession to the three thrones, and thereby creating the idea of a common defence.<sup>1</sup> Up till this date no law had assured the continuity of the dynastic unity which was the foundation of the Austrian monarchy. Hence the Pragmatic Sanction—the sole constitutional charter whose authority is recognized by all three sections—may be regarded as the corner-stone on which the monarchy rests.<sup>2</sup> Contemporary Austria dates from that law, which gave legal sanction both to the Austrian monarchy and to dualism. The latter half of the eighteenth century was a great era in the life both of the dynasty and of the Austrian State. The difficulties which beset Maria Theresa's path, and the support which she received from her Hungarian subjects, bound the two halves of the monarchy more closely together; while Bohemia's indifference in the face of the hostility of Frederick of Prussia no doubt prompted the Empress-Queen when she curtailed the privileges of that country and reduced it to the position of a province, thus obliterating still further the traces of the Triune State.

Maria Theresa gave political reality to the dualism legally consecrated by the Pragmatic Sanction. To her were due "the legislative beginnings of political and economic dualism."<sup>3</sup> Thus, between 1749 and 1752 the Chanceries of Austria and Bohemia were suppressed, and in their stead were established a Directory and a High Court of Justice, common to all the western provinces of the monarchy, Slav and German. A uniform fiscal system was, further, applied to the whole of Western Austria, from which Hungary was excluded. This prohibitive tariff created a dual system in economics. The accession of Maria Theresa

<sup>1</sup> *Edinburgh Review*, October, 1903.

<sup>2</sup> Tezner, "Wandlungen der Oesterreichisch Ungarischen Reichs-Idee," p. 2.

<sup>3</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 22, 23.

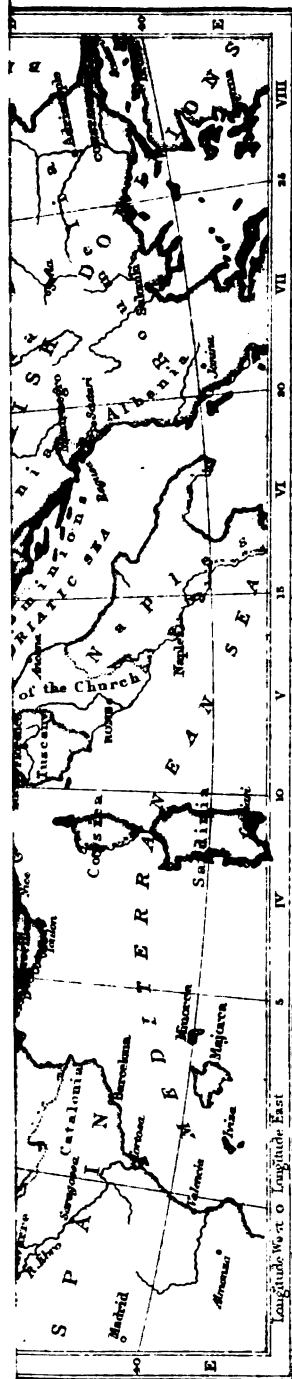
was the commencement of a new and decisive period in the evolution of centralization, in which the enlightened despotism of the lay government took the place of the traditional Catholic absolutism, which was made subordinate to imperial interests.<sup>1</sup> The Empress-Queen, and her son Joseph II. after her, based their hopes of uniting Austria on the formation of a mental and moral unity, produced by a system of education calculated to insure similarity of thought among all the subjects of Empire. Hungarian aloofness Maria Theresa strove to break down by transforming the feudal magnates into a Court nobility, and by bringing about a series of intermarriages.

In this ambition she achieved a considerable measure of success. In fact, both externally and internally her reign was most creditable to her dynasty. She carried on the Seven Years' War with remarkable vigour and determination. Though she lost Silesia, she increased the dominions of her house by the addition of Eastern Galicia and Lodomeria, in the first partition of Poland in 1772, and of Bukowina, ceded by the Turks in 1777. In time of peace she devoted herself zealously to the improvement of her country and her people. She centralized the administration. She raised the army to a high state of efficiency. She established schools, removed feudal hardships, reformed ecclesiastical abuses, and fostered industry. Under her there grew up the feeling of a common interest and willing submission to authority. Like her predecessors, Maria Theresa had the sense of duty and deep religious feeling, but she excelled her race in her power of endurance, her open mind, and her skill in dealing with mankind. Above all, she was inspired by a sincere affection for her dominions. "Dearly," she once wrote, "as I love my children—so dearly that I grudge them no labour, grief, or anxiety—yet I preferred the good of my lands to theirs, whenever . . . the welfare of the country demanded this; for of all these lands I am the common

<sup>1</sup> *Edinburgh Review*, October, 1903.







London. John Murray.

mother."<sup>1</sup> To these qualities she owed her success as a ruler and her popularity as a woman, a success and a popularity never attained by her son, Joseph II.

Joseph was vehemently opposed to prejudice and superstition and full of advanced humanitarian ideas, but he was tactless and his methods unfortunate. In spite, therefore, of the excellence of many of his reforms, he evoked a storm of revolt, and was forced on his death-bed to revoke many of his decrees.

His mother's caution he regarded as weakness, and with a stroke of the pen he abolished old institutions which his predecessors had been content to see fall into desuetude. He reorganized and reformed finance and justice, and tried to eradicate historic rights, tradition, and racial differences by decree, and to Germanize by ordinance. He found it impossible to destroy the social influence of the feudal lords, but he succeeded in paralyzing their political authority by a bureaucracy recruited from the middle classes and new nobility.<sup>2</sup> Nevertheless, Austria benefited considerably by his reforms, some of which proved lasting. His edict of religious toleration brought relief to a great number of adherents of the reformed religion, and with his decree for the abolition of serfdom opened a new era of rationalism and liberalism.

In 1790 Joseph died, in the forty-ninth year of his age and the tenth of his reign, and was succeeded by his brother, Leopold II., a man of great political ability, who began to smooth away the prevailing irritation. Unfortunately, he died in 1792, leaving to his son, Francis II. (1792-1835), the heritage of the most formidable struggle the Austrian State had ever had to sustain. The following spring revolutionary France declared war on Austria.<sup>3</sup>

The new Emperor was not unpopular, but he resembled the old Hapsburg stock—slow, heavy, and

<sup>1</sup> "Historians' History of the World," vol. xiv., p. 462.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongrois," p. 26.

<sup>3</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 389; Hugessen, "Political Evolution of the Hungarian Nation," vol. i., pp. 224, 239, 240.

apathetic, with an instinctive horror of innovation. With Maria Theresa a happy alliance had rejuvenated the ruling house, on whom the double heredity of Charles the Bold and Jeanne la Folle weighed heavily. In the exuberant activity of Joseph and the alertness of Leopold may be traced the qualities of the Dukes of Lorraine, but Leopold's wife, Maria Ludovic, daughter of Charles III. of Spain, brought in again the tradition of a race haunted by madness.<sup>1</sup>

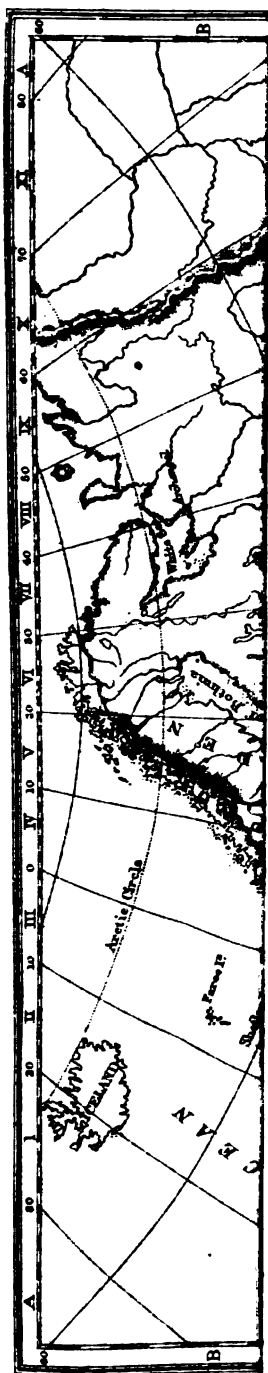
Francis II. continued the system of centralization which Maria Theresa and Joseph II. had done so much to perfect, and it remained unbroken till 1848.

In 1804 the Emperor assumed the title of Emperor of Austria, and in 1806 the Holy Roman Empire came to an end.<sup>2</sup> The Napoleonic storm temporarily changed the limits of the Hapsburg lands, to which Dalmatia and Istria had been added after the Treaty of Campo Formio (1797). In 1815, however, the lost territory was restored and consolidated.

Absolutism now developed in Austria, with the aid of a new instrument—the secret police—originally imported from France by Leopold II. The popular movement against Napoleon had come too soon in Austria. Stadion and Hofer failed where Stein and Schill succeeded, and Austria fell back on the old traditions. It was remarkable that Ferdinand II., in his address to his troops, who had fought so gallantly, substituted, in each instance, “my peoples” and “my State” for “Fatherland.” Patriarchal despotism and Germanization was the policy adopted during the *terreur blanche*. “My realm,” said Francis II. in an unguarded moment to a Russian diplomatist, “is like a worm-eaten house. If one part is removed, one cannot tell how much will fall.” Metternich was inspired by the same idea. “After all,” he wrote, “the thought I secretly entertain is that ancient Europe is at the beginning of the end.” Again he wrote: “I have

<sup>1</sup> Denis, “La Bohème depuis la Montagne Blanche,” vol. ii., pp. 14-16.

<sup>2</sup> Ulbrich, “Das Oesterreichische Staatsrecht,” pp. 17, 19.





come into the world either too early or too late. Earlier I should have enjoyed the age. Later I should have helped to reconstruct it. To-day I have to give my life to propping up the mouldering edifice."<sup>1</sup>

Prevention was the sum of the policy at home and abroad alike of Francis II., who boasted that he would have made an excellent *chef de bureau*, and of Metternich, whose name has become proverbial for reactionary cunning. Financially the system was not a success, for Austria was twice bankrupt during the reign of Francis (in 1811 and 1816); and while the Court squandered millions, the credit of the monarchy was seriously injured, confidence was destroyed, and the standard of honesty lowered.<sup>2</sup> With internal problems the new dictator was little interested. He only desired passive obedience to enable him to play his great rôle in Europe uninterrupted.<sup>3</sup>

That rôle was from 1815 to 1848 purely negative—the maintenance of the *status quo* as established at the Congress of Vienna. The old pretensions relative to Germany were not abandoned. Metternich demanded and obtained for his Sovereign the presidency of the Diet of Frankfurt, and Francis still tried to head the German Confederation. Further, Metternich set himself to police Europe, and aspired to regulate all the affairs of the Continent by Congresses in which Austria should have the leading part. "Europe," said a contemporary, "praised, envied, and cursed, the power of Austria, but did not give a thought to the Austrian people." This was the mistake of Metternich. Internally he neglected the people; externally, as the determination to retain the Italian provinces and his policy in Germany showed, he still hankered after the glories of the Holy Roman Empire.

In spite, however, of internal repression, in spite of the inquisitorial police and the severity of the censor-

<sup>1</sup> "Cambridge Modern History," vol. x., p. 358.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 53-56, 58.

<sup>3</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 455.

ship, the peoples of Austria were gradually awakening to Liberal ideas.<sup>1</sup> In Bohemia, Joseph II.'s reforms had opened the public mind to Western doctrines, and had awakened a linguistic patriotism, signalized by the foundation in 1791 of a chair of Czech language and literature. During the later years of the eighteenth century a party arose which drew from the modern gospel of liberty, justice, and progress, conclusions in favour of their own "ostracized race."<sup>2</sup> The aristocracy and the Church, which had formerly upheld centralization, were strongly opposed to the new "all-powerful, tyrannical, and levelling bureaucracy." Both in Austria and Bohemia a nationalist movement began, which found expression in the resurrection of the national tongues as against Germanization. Throughout the early nineteenth century this movement continued steadily, and was intensified by a feeling of urgent necessity for thorough reform. This feeling was voiced in 1842 by Andrian's book, "*L'Autriche et son Avenir*," which was the gospel of the nobility, and inspired and directed the aristocratic Fronde until 1848.<sup>3</sup>

In 1848 revolutions broke out in Vienna, in Hungary, and in the Italian dominions. The revolts were eventually put down, with the help of Russia, but the monarchy remained in a perturbed condition. The wars of 1859 and 1866 humbled the Emperor of Austria, who saw himself definitely excluded both from Italy and Germany, and he turned at last to solve the problem of government within the confines of his hereditary dominions. From 1859 a series of political experiments was tried, and each in turn found wanting. Finally, in 1867, a settlement was arrived at. A new and peculiar relation—a sort of Confederation—was established between Austria and Hungary, while for the sections of the Empire an arrangement was framed which, subject to amendments, remains in force to-day.

The dualism which had been steadily evolving since

<sup>1</sup> Leger, pp. 454, 455, 466.

<sup>2</sup> *Edinburgh Review*, October, 1903.

<sup>3</sup> Eisenmann, "*Le Compromis Austro-Hongrois*," pp. 49, 58.







1526 was now definitely set up. The defeat of the White Mountain in 1620 had been the first step in the process; the Pragmatic Sanction (1724), in which the Magyars contrived to insert some restrictive clauses permitting their Parliament to intervene in the event of a female succession, was the second; while Maria Theresa's confirmation (1748) of the Hungarian rights and liberties at the Diet of Pressburg, on the occasion which gave rise to the famous "*Moriamur pro rege nostro Maria Theresa*," had been a recognition at a critical moment of the principle now formally erected into a system.<sup>1</sup>

From 1867 the internal history of Austria and of Hungary are at last definitely separated. By that date the hostility between the various races in Austria was fully developed, and was the most important factor in determining their attitude towards the new treaty with Hungary.

The period from the grant of the new Austrian constitution in 1867 until the universal franchise law of 1906 has been one of transition. For forty years the Austrian nationalities, previously buried under feudalism and absolutism, have been struggling for the mastery. From 1867 to 1873 the work of the central Government was seriously impeded by the action of the provincial Diets, who were frequently at variance with Vienna, the cause of friction being in almost every case racial jealousy. In Bohemia the Czech-German quarrel went on ceaselessly, while the Diets of the Southern Provinces were disturbed by the usual struggle between Slavs, Italians, and Germans.<sup>2</sup>

Count Taaffe, a statesman of Irish descent, and actually a Viscount in his own right in the Peerage of Ireland, was in favour of general conciliation and a moderate revision of the constitution, but, owing to the opposition of the majority of the Cabinet, resigned in 1870.

<sup>1</sup> See Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 71, and Eisenmann, "*Le Compromis Austro-Hongrois*," p. 29.

<sup>2</sup> Lowell, vol. ii., pp. 100-103.

The reorganized Cabinet, however, was still less successful in smoothing over difficulties. It was followed by that of Count Hohenwart, which made proposals increasing the powers of the Diets, which were wrecked by the Czechs, who demanded a similar position to that of Hungary, and the Southern Slavs and the Poles followed suit. By his rescript of September 14, 1871, the Emperor momentarily gave way to the Czech pretensions, but this concession was never carried into effect.<sup>1</sup> After fruitless efforts to come to an understanding, a new Ministry, under Auersperg, effected the miniature *coup d'état* of 1873. By the electoral law then passed, the choice of the representatives in the Reichsrath was taken entirely out of the hands of the Diets and vested directly in the four classes of constituents, the Diets being deprived of a means of opposition that had been grossly abused.

The Czechs, Poles, and Slovenians were strongly opposed to this measure, and the Germans alone did not make up two-thirds of the Lower House; whereas the measure, involving as it did a change in the fundamental laws, required a two-thirds vote. The hostile races could therefore have easily prevented the passage of the Bill. The Czechs refused to sit in the Reichsrath because they would not acknowledge its legality, and thus threw away the most effective political weapon, thereby enabling the Germans to obtain the required majority. The vote on this Bill is a good illustration of the peculiar results of Austrian political habits.

In 1879 Count Taaffe, who was a personal friend of the Emperor's, returned to power, and remained in office till 1893. With this Government commenced the second phase of the transition period—the régime of Kaiser or non-partisan Ministries, which were superior to parties and nationalities. The most marked result of Taaffe's fourteen years of rule was an increase of the influence of the Crown, and the reduction of the

<sup>1</sup> Denis, "La Bohème depuis la Montagne Blanche," vol. ii., pp. 528-535; Leger, "Histoire de l'Autriche-Hongrie," pp. 570-573.

Reichsrath to the position of a tool in the hands of the Government, a majority being secured by playing off the various parties against one another.

In 1890 an attempt was made to settle the nationality question, which had now become more and more pressing, and was, in fact, not only the quintessence of Austrian politics, but the Austrian question *par excellence*.<sup>1</sup>

A Conference was arranged at Vienna, and the moderates of all parties were invited to attend. The proposed compromise with Bohemia, which was an essential part of the plan, was severely attacked, and failed to pass. In 1891 the Reichsrath was dissolved, and, after two more years' struggle to keep his followers together, Taaffe made a bold attempt to undermine his opponents by a democratic electoral reform. The measure, however, struck at too many political interests, and was opposed by the three largest groups in the Reichsrath, and nothing remained for the Premier but resignation. Under the Coalition Ministry which succeeded in 1893 the Czechs inaugurated the obstructionist tactics for which the looseness of the standing orders gave opportunity. National hatred continued with ever-increasing violence, and one Ministry succeeded another without accomplishing any settlement. In 1896 a new electoral curia was established, but failed to do away with the inequalities of the electoral system. In 1897 the famous ordinance on the language system was issued. In this Count Badeni did little more than confirm in more precise terms the ordinances which had gone before. To conciliate the Czechs, the study of both languages was made obligatory for most officials. This reasonable enactment came inopportunistly in the midst of the Pan-German agitation and the newly launched "los von Rom" movement.

After vain efforts to impeach the Ministry, the Germans had recourse to noisy and systematic obstruc-

<sup>1</sup> Lowell, vol. ii., pp. 103-110, 115, 117; *Edinburgh Review*, October, 1903.

tion at a moment when the Premier was embarrassed by the renewal of the Austro-Hungarian customs and commercial settlement, which takes place every ten years. In the same year (1897) Badeni resigned, after several Ministries had ineffectually tried to stem the tide of racial feeling, each foundering on the obstruction of either Czech or German. At length, on January 20, 1900, Dr. von Koerber came into office at a moment of extreme difficulty. The Czechs had again resorted to obstruction, and, in spite of the desertion of the Poles, they managed to paralyze the action of the Government. The elections of 1901 did not modify the situation, and only served to illustrate the predominance of the racial question.<sup>1</sup>

Surprise was therefore general when Koerber succeeded in obtaining, not only a truce in the dispute, but a vote for a vast plan of public works in the spring, and in the autumn of 1901 the Budget. Writers are not wanting to belittle the work done by this statesman. The Kaiser Ministries have been accused of giving the Austrian nationalities and parties, one and all, free scope for indulging in deplorable excesses under the "specious pretext" of rising above their strife; and it was held by one in 1903 that "if Dr. von Koerber would descend from his undenominational platform an understanding might have been reached between Vienna and Prague, and perhaps Agram and Budapest would have capitulated before a united Austria."<sup>2</sup> In the light of subsequent events, and particularly of the franchise law of 1906, whereby a step is taken towards substituting a national for a provincial patriotism, it would appear that the "fairly distinguished bureaucrat," in adopting a conciliatory and non-partisan policy, had a clearer political vision than some of his critics. The Czechs, it has been pointed out, have advanced numerically, economically, and intellectually; moreover, not the least significant feature of the situation with which

<sup>1</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., pp. 117, 118; *Edinburgh Review*, October, 1903.

<sup>2</sup> *Fortnightly Review*, November, 1903.









Koerber had to deal was the growing solidarity of the other Slav peoples, who, abandoning their petty jealousies and local interests, "were gradually uniting their forces to the Czech group, with a view to the ultimate conquest, or restitution to the Slavs, of an influence proportionate to their majority."<sup>1</sup>

Koerber recognized that the period of makeshifts was drawing to its close, that it was no longer possible or desirable to crush the other races of Austria under the German minority, and that Austria could only remain a great Empire on the basis of the several races affording one another reciprocal protection.

Koerber's administration (January, 1900, to December, 1904) not only marks the close of the transition period, but anticipates the future development. If he ruled according to Clause 14 of the constitution, in default of Parliamentary government; if under him freedom of speech and writing was an aspiration rather than a fact; if government was made possible by an extraordinarily clever use of the discretionary power, supported by the employment, when necessary, of the iron hand in the velvet glove, and a vigilant though more liberal use of the police, as, for instance, in the anti-Semite troubles and the strikes in Galicia and at Trieste; yet in his social policy, in his administrative measures, such as those relating to housing and the protection of children, and in his economic policy, of which the great monument is the "Investitions Programm," Koerber strikes the keynote of the future—that of a sane modern economic policy which would, it was hoped, replace the barren racial squabble.<sup>2</sup>

### 8. EXTENT, POPULATION, RACIAL AND RELIGIOUS DIVISIONS.

At the beginning of the twentieth century, Austria, exclusive of the Turkish provinces of Bosnia and

<sup>1</sup> *Edinburgh Review*, October, 1903.

<sup>2</sup> Max Marse, "L'Autriche à l'Aube du Vingtième Siècle," pp. 4, 14, 21, 22, 24, 27, 60, 61.

Herzegovina, which have been administered by the dual monarchy since 1878, but were not till October, 1908, formally incorporated with it; has an area of 115,903 square miles.<sup>1</sup> It is a country with a most irregular outline, touching the Lake of Constance on the west, extending on the north to the heart of Germany by means of the kingdom of Bohemia, stretching one long arm eastward above and even beyond Hungary, and another far to the south, along the coast of the Adriatic.<sup>2</sup> Leger contends that, being without racial unity, like that of France, Austria has neither geographical unity or natural frontiers like those of Italy, nor unity of aspirations such as exists in the Swiss Republic. Nevertheless, with the exception of Galicia, the great bulk of the country comes under the influence of the Danube system, which connects the more or less isolated plains and lowlands shut in by mountains, which form the Hapsburg system when Hungary has been subtracted.<sup>3</sup> Bohemia is an irregular quadrangle, guarded on three sides by mountains belonging rather to the Elbe system and to Germany than the Austrian lands; but her only outlet, save through mountain passes, is to the south, and after long holding aloof it has cast in its lot with the other Austrian States.

Galicia, Bukowina, and Dalmatia, outlying provinces of the dominions, serve as bulwarks against Russia and Turkey, while Dalmatia gives to the nucleus territories, and to its hinterland of Bosnia and Herzegovina an outlet to the sea.

The hydrography of Austria is summed up in the expression *Donaureich*, for the various streams by which the greater part of the Austrian territory is watered all join and belong to the Danube, which is the junction of the *Sammelbecken* of both the Alpine and the inner Carpathian system. It has been calculated that 82 per cent. of the total Austrian area is

<sup>1</sup> "Statesman's Year-Book," 1908, p. 742.

<sup>2</sup> Lowell, "Governments in Continental Europe," vol. ii., p. 72.

<sup>3</sup> Eisenmann, "Le Compromis Austro-Hongrois," p. 2.

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Danubian territory, the remainder being extra-Danubian. Of the extra-Danubian lands, the provinces of Galicia and Bukowina are the most completely outside the common geographical influences, being watered by the Dnieper and Dniester, and separated by the Carpathians from the rest of the Empire. Vorarlberg, although now connected by the Arlberg tunnel, belonged formerly to Switzerland rather than to Austria, and is dominated by the Rhine. Dalmatia, finally, is a purely maritime province.

The territory of the Austrian monarchy is principally mountainous. The lowlands are chiefly in the centre—that is to say, in the Valley of the Danube—though there are plains in the north and large plains in the north-east. The mountains of Austria-Hungary belong to four systems—the Alpine, the Balkan, the Carpathian, and the Bohemian, or German Mittelgebirge.<sup>1</sup>

The total population of Austria almost doubled between 1818 and 1900, and in the latter year stood at 26,000,000. The birth-rate is high, but the death-rate, too, is high, infant mortality being excessive and medical assistance still defective. The following were the proportions of the various nationalities in 1890 and 1900<sup>2</sup>:

DISTRIBUTION OF POPULATION IN AUSTRIA ACCORDING TO RACE.

Nationality.				1890.	1900.
German	...	...	...	8,009,000	9,171,814
North	{ Bohemian (or Czech), Moravian, Slovak			5,181,000	5,955,397
Slav	{ Polish ...			3,239,000	4,252,483
	{ Ruthenian ...			2,793,000	3,381,570
South	{ Slovene ...			1,141,000	1,192,780
Slav	{ Servian and Croatian			564,000	711,380
Latin	{ Italian and Ladine			669,000	727,102
	{ Roumanians ...			191,000	230,963
Magyar	...	...	...	10,000	9,516 <sup>3</sup>

<sup>1</sup> Kirchoff, "Länderkunde von Europa," Teil I., Hälfte 2; Professor Dr. A. Sapan, "Oesterreich Ungarn," pp. 5, 45.

<sup>2</sup> For fuller table showing distribution of races, see Chapter II., "Austrian Agriculture," *infra*, p. 60.

<sup>3</sup> "Statesman's Year-Book," 1908, p. 743, and Labour Report, p. 8.

A comparison of the figures for the two years shows that there has been little alteration in the proportion formed by the various nationalities in the total population, nor has the distribution changed materially. The various races are increasing in very much the same ratio. The only noteworthy facts are the slightly faster rate of increase shown by the Slavs as compared with the Germans, and the larger proportion formed by the Poles in 1900 as compared with 1890. The proportion of the Poles to the total population rose from 15·8 per cent. to 16·59 per cent. ; that of the Germans fell from 36·1 to 35·78 per cent.<sup>1</sup>

Ethnographically as well as geographically Austria is a disjointed territory, for the Germans form a solid wedge between the two great branches of the Slav race, though there are German communities scattered all over the country. As regards the racial statistics, it must be taken into account that these are only approximate, as the dominant race has a tendency to swell its numbers and to diminish those of the less-favoured peoples. For example, the Germans count the German-speaking Jews among their number.

Of the nationalities in Austria, the Germans are the most important, not only because they constitute about a third of the population, but also because of the large share they possess in the wealth and culture of the country. Leger, however, maintains that the importance of their rôle has been somewhat exaggerated, and that they form neither so compact, nor so homogeneous, nor so large a group as is generally stated. In Bohemia they are largely outnumbered by the Czechs, and in many other districts the German population is scattered in small groups in the midst of alien races.<sup>2</sup>

The vitality and the diversity of the various elements is further shown by the number of the spoken literary languages. Nevertheless, although the other national-

<sup>1</sup> Royal Commission on Labour Report, p. 8, and "Oest. Stat. Handbuch."

<sup>2</sup> Labour Report, p. 9 ; also Lowell, vol. ii., p. 73, and Leger, "Histoire de l'Autriche-Hongrie," pp. 7-9.

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ties have recently given only too vigorous proof of the strength of their racial differences, the Germans unquestionably still play the leading part. Moreover, in the question of language, the position of that of the most insistent and prominent of the other races—namely, the Czechs—a difficult, almost unpronounceable tongue, spoken only by some 5,000,000 in all, cannot be compared with the language of a great literature and a great commerce, spoken by some 60,000,000 or 70,000,000 of people.<sup>1</sup>

The creeds of the Austrian peoples are as various as the races: Roman Catholic, Greek Catholic, Old Catholic, Greek Oriental (Orthodox), Evangelical, the Evangelical Brotherhood, the Gregorian-Armenian, and the Jewish, are all religions recognized by the State; and there are various minor sects. According to the 1900 census, which shows the same percentages as that of 1890, the population was divided as follows:

DISTRIBUTION OF POPULATION IN AUSTRIA ACCORDING TO RELIGION.<sup>2</sup>

Sect.	Population.	Percentage.
	1900.	1900.
Catholic (including 3,193,463 Greek Catholics) ... ..	23,796,951	90·99
Greek Orthodox ... ..	607,462	2·33
Protestants ... ..	494,062	1·89
Jews ... ..	1,224,711	4·69
Other religions ... ..	27,522	0·10

The principle of religious liberty is enforced by law, and the enjoyment of civil and political rights is independent of religious profession. The dominant religion, however, is the Roman Catholic faith. The establishment of the Concordat in 1855 made that Church absolute in all matters relating to education and marriage, and although the Concordat was got rid of in 1870, the energies of the clerical party have been but little

<sup>1</sup> *Edinburgh Review*, July, 1898.

<sup>2</sup> Royal Commission on Labour Report, p. 10; "Oest. Stat. Handbuch," 1902, p. 17, Wien, 1903; "Statesman's Year-Book," 1908, p. 746.

weakened. In no country in Europe have the forces of feudalism and clericalism still such power as in Austria. The Court and the nobility, with its wealth and its great social and political power, are enormously influenced by the Church. Again, the House of Hapsburg has always been bigotedly Catholic, and the reigning Emperor was a pupil of the Jesuits.<sup>1</sup>

Roughly speaking, the Germans, the Poles, the Czechs, the Slovenes, and the Italians are Roman Catholic; the Ruthenians are Greek Catholic; the Servians, except in Bosnia, and the Roumanians, are Greek Orthodox. The Northern Slavs are therefore Roman Catholic, a fact which has proved one of the principal barriers between them and their Russian brethren of the Orthodox Greek Church.<sup>2</sup>

Amongst the Slavonic races of Austria, the Czechs are by far the most capable and progressive; the kindred race of the Slovaks is inferior to the Czechs intellectually and physically, but they are noted, amongst other qualities, for their open-handed hospitality. Nearly allied to the Czechs and Slovaks are the Poles, a race which is divided by a sharp cleavage between noble and peasant. In Galicia the middle class is non-existent, their place being filled by the Jews. The old division of gentle and simple alone obtains. The nobles and the peasants are on the worst possible terms with one another. The former are oppressive and selfish; the latter are sunk in physical and moral degradation, a state of which they are conscious, but which they attribute to their lords.

The Ruthenians, again—who are in fact Little Russians, and frequently fellow-peasants to the Poles, under Polish landlords—are characterized by a natural capacity and manliness, in spite of backwardness and poverty, which is in their case largely due to the minute subdivision of their properties.

Like their kinsmen of the North, the Southern

<sup>1</sup> *Edinburgh Review*, July, 1898.

<sup>2</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 223-231, 233.

Slavs are divided by animosities and jealousies. Croat, Slovene, and Serb, although they use almost identically the same language, are divided by religious differences, the Slovenes being Roman Catholic, and the Serbs, as we have seen, belonging to the Orthodox (Oriental) Greek Church.

From an early date, for the great majority of the Servian people, national patriotism and devotion to the Orthodox Greek Church have been almost synonymous. So strong is the religious feeling that a careful distinction is made in the national costume worn by members of the Roman Catholic and Greek Orthodox Churches, and the latter regard it as a patriotic duty to encourage the use of the Cyrillic or Slavonic characters in all printed matter; while the former, and especially the peasantry, regard the use of books printed in this type as a mortal sin.

In spite of considerable grace and charm, the Southern Slavs of Austria are among the most ignorant and superstitious of all the races of the monarchy.<sup>1</sup> They are not wanting in natural capacity, but they lack the solid qualities of the Germans and the Magyars.)

Among the many curious customs of the Southern Slavs is that of the House Community of the Servian race. The communal house consists of a large central building, forming a single room, with the stove in the centre. All round this room, and opening into it, are a number of smaller rooms, each of which is the private dwelling of the married members of the community. Fresh rooms are built as the family increases, and in some districts communities are to be found consisting of from 200 to 300 persons. This curious Slavonic custom greatly aided the Austrian Government in the establishment, under Maria Theresa, of the military frontier, a series of military colonies stretching from Transylvania to the Adriatic, and occupying an area over 7,000 square miles, to protect the frontier against

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 54, 58-60, 70, 71, 79.

the incessant raids of the Turks. In 1873 this military frontier, which was peopled chiefly by Croats and Serbs, who formed themselves into house communities, was finally abolished, but the communities still exist. The farm buildings are surrounded by a strong palisade. The whole community is governed by the House Father and House Mother, who are elected annually.

Generalization in any description of the classes in Austria-Hungary is dangerous, since, in discussing the different sections of society, the inevitable question of nationality confronts us at every turn, so that a description of a class in one race would be quite misleading if applied to a corresponding class of another nationality. As a rule, the more distinctive national differences, especially in manners, customs, and dress, become less and less marked the higher the social scale is ascended.<sup>1</sup> According to Eisenmann, the nobility have no national sentiment. The "solidarity of privilege" unites them above the diverse nationalities. They have sometimes a provincial, but they have no language patriotism. According to another writer, the Austrian nobility form a narrow, intensely exclusive, and bigoted caste, whose only political interest is the maintenance of its own class supremacy. They do not owe their great power to their merits or to their intellect. Talent is rare amongst them, while *les fronts étroits* are numerous.<sup>2</sup> Nevertheless, to the nobles fall not only the great positions at Court, but the higher posts in the army, the diplomatic service, and the civil administration. The Bohemian nobles, who are mostly of German descent, are perhaps the wealthiest, and probably the most reactionary and mediæval, in Europe.

The Galician nobility is the only really national nobility in the sense in which the Hungarian nobility is national. It is autonomist, Catholic, and Conservative, and has always supported the nation of which it

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 71, 73-77, 79, 103.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 506, 510, and *Edinburgh Review*, July, 1903.



is an integral part. But, unfortunately, Polish nobles leave the control of their estates to agents, and hence the increasing power of the ubiquitous Jew. Typical features of the Austrian noblesse are on the one hand the extent to which they are under the influence of the Church, and on the other hand their reckless extravagance, their addiction to gambling, and their incapacity to take life seriously, which does not prevent their being the most charming companions and delightful society. Their life, whether in town or country, is luxurious and idle—a round of gaieties and distractions. The old-fashioned Austrian nobility are friendly and unconstrained in their relations with their peasants and small farmers; further, their town and country houses have for generations been thrown open to literarymen and artists, though rigorously closed to the *nouveau riche*.<sup>1</sup>

Beneath the nobles of various fortunes comes the Bauer or Yeoman class, who possess the more solid moral qualities. This class forms numerically a large proportion of the population, embracing not only the real peasantry, but also agriculturists enjoying very substantial fortunes. If the nobles form a caste, the Bauer also has a social code, based upon class feeling and pride of race. The wealthy Bauer rarely apes the manners and customs even of the poorer aristocracy, or of the official and professional classes, though an ever-increasing proportion of the latter is now drawn from the Bauer class.

Although the various classes of yeomen differ from one another, according not only to economic conditions, but also according to nationality, yet there are certain traits which most of them have in common. The old-fashioned Bauer rarely marries out of his class, he is marked by a great love of hospitality, and, like his superiors, has his heirlooms, often articles of real artistic value. Although, unlike the nobles, the yeomen are thrifty and hard-working, yet they, too, are fond of

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 507, 508; Palmer, "Austro-Hungarian Life in Town and Country," pp. 14, 17, 18, 19.

social intercourse, which they indulge in to no small extent, especially on the occasion of weddings, the harvest, or other such seasonable events.<sup>1</sup>

The town population, like that of the country, is distinguished by national differences. German and Czech, Magyar and Wallach, live for generations in the same locality, and continue to retain their own language, religion, national aspirations, and modes of thought. The bourgeoisie concerns itself specially with the nationality question, which is a language, and therefore a middle-class, question. National equality is the equality of the national language, of which there are eight in Austria. Up till now German has been the State and the official language, and Slavs seeking Government employment have had to become Germanized. The lower classes, while retaining the national language, do not push language patriotism as far as does the bourgeoisie, partly in default of opportunity to study and capacity to appreciate literature, and partly for lack of time owing to their daily struggle for existence. They are therefore more interested in the social and economic questions, which, thanks to social democracy, are now coming to the front.<sup>2</sup> In fact, one hopeful writer states that interracial contests have been drowned in the sea of universal suffrage<sup>3</sup>—a statement, I regret to say, not borne out by Parliamentary experience in 1908. Peasant, merchant, and industrialist have, however, been aroused to a desire for peace, and in them Dr. von Koerber saw his surest allies against professional politicians. The working classes are less and less interested in the “burning questions” of politicians. The solid industrial and commercial classes are more and more convinced of the impossibility of making those who draw their means of existence from racial disputes hear reason. There is throughout the country a steady growth of socialism (though not of a

<sup>1</sup> Palmer, “Austro-Hungarian Life in Town and Country,” pp. 19-25.

<sup>2</sup> Eisenmann, “Le Compromis Austro-Hongrois,” pp. 510, 511, 518; Palmer, p. 104.

<sup>3</sup> *Spectator*, May 25, 1907.

revolutionary character), and of that party which fights for a living political theory, and not for mere national aggression. The leading Austrian social democrats hold the whole national agitation to be a hysterical dispute, got up for their own advantage by the professors, advocates, and ne'er-do-weels of the unemployed upper classes, to prevent the foolish demos from looking after its real interests.<sup>1</sup>

Though still predominantly an agricultural country, perhaps the most remarkable feature in Austria, as compared with Hungary, is the marvellous series of interesting historic cities, of which a word must be said in passing.

"The capital of so strange an assemblage of provinces as Austria represents could scarcely fail to possess many peculiar features of its own, not only from a political point of view, but on account of its past history, its varied population, and the picturesque beauty of its situation." Vienna is specially associated with the Austro-Germanic race, while as the capital of the Slav-Germanic race it is "the political barometer of Europe." When the Crusades first raised the Eastern Question, which in one form or another has perplexed Europe down till our own time, Vienna became, and has remained, the centre of the plots and intrigues that have marked the contest between the Great Powers for supremacy in the East. In the centre of the city stands the beautiful Cathedral of St. Stephen, the heart of the capital, at once the scene of the celebration of the many triumphs of the dynasty, and the temple of silence which enshrouds, among other of the Hapsburg tragedies, the ill-fated promise of Crown Prince Rudolf's life. The Ringstrasse itself, the magnificent avenue which girdles the inner city, is the monument of the final overthrow of the Turk; for it marks the site of the ancient fortifications, which till 1856 protected the Austrian capital against the Asiatic foes, who twice

<sup>1</sup> Max Marse, "*L'Autriche à l'Aube du XX<sup>e</sup> Siècle*," p. 27, also pp. 3, 4, 5, and *Edinburgh Review*, July, 1898.

besieged her, in 1529 and in 1585. The town is richly endowed with museums, libraries, churches, theatres, and public buildings. The life of Vienna resembles that of Paris; but even Paris does not possess such a degree of light-hearted gaiety, and there are nowhere in the world to be found such magnificent entertainments or such a stately Court. Vienna society is divided into as many coteries as other capitals, augmented by the keenness with which such questions as the admission of the Jews and other racial and political differences are discussed and fought out. At the same time, in contrast to the splendour of the magnificent streets, with the palaces of princes and ambassadors, of millionaire bankers and financiers, there is the misery and grinding poverty of sweated labour and the menace of an ever-increasing proletariat.<sup>1</sup>

In the provincial capitals the outstanding features of social life are even more pronounced than in cosmopolitan Vienna.

Innsbruck is one of the most picturesque of these cities, which, whether as the centre of the loyal Tirol or as the scene of great dramatic events in the history of Austria, or, again, as the last resting-place of some of the greatest of her rulers and her subjects, will never fail to attract the student and the sight-seer, even were it not the favourite residence of the Emperor.

Gratz, once the headquarters of reformation and enlightenment, but long dominated and repressed by the Jesuits, has become one of the most important intellectual centres of the Empire.<sup>2</sup> Spread out on the banks of the Mur, its natural beauty drew a handsome tribute from Napoleon's lips as he marched his army past—"la ville de grâce par la rivière d'amour."

Prague, so long the scene of wars and religious quarrels, is still impressive, with its surrounding rocky heights and its splendid citadel, the Hradschin, which

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 146, 150, 151, 153, 154, 157, 158, 161.

<sup>2</sup> Palmer, pp. 105-107, 109.

reminds one of the Kremlin at Moscow. It is still occupied with a bitter race feud, but economic interests are now claiming the attention of its citizens. Its trade is growing in volume, and it is one of the most important manufacturing centres of the dual monarchy. Unfortunately, however, here as elsewhere, not only the German, but also the Jew, shares the control and finances the trade, to the detriment of the poorer classes. The Jewish Ghetto is fast becoming a Christian Ghetto, thronged by the poorest of the poor, out of whom the Jewish landlords wring an exorbitant aggregate rental.

In 1846 Cracow, formerly the capital of all that was left of Independent Poland, a small self-governing republic, was absorbed by Austria. The royal palace, erected by Casimir the Great in the fourteenth century, is now used as a barracks. In the cathedral adjoining—"the Polish Westminster Abbey"—sleep generations of Polish Kings and heroes, from the Jagellons to Kosciuszko. Formerly a city of the Hanseatic League, enjoying a flourishing trade, Cracow declined greatly during the warlike commotions of the seventeenth century; but to-day its trade has again revived, though it is now chiefly in the hands of the Jew, who lives at enmity side by side with the Pole within this city of a tragic fate.<sup>1</sup>

Far removed from Polish Cracow is Trieste, the great seaport of Austria, the rival of modern Venice, the "Hamburg of South Germany," a bustling, growing town, in which almost every nationality is represented, although the Italians and Germans predominate. It is noteworthy as the most purely commercial of Austria's great cities and the headquarters of the Italian Irredentist intrigue.)

Farther south, in Dalmatia, lies Ragusa, the Athens of Illyria, perhaps the most interesting, and certainly one of the most beautiful, towns in Austria. The ancient city is still surrounded by the massive walls

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 110, 111, 112, 113.

and frowning towers and bastions which defended it in the days when Richard Cœur de Lion was so hospitably entertained there. A great trading centre in the Middle Ages, dating its origin to Roman times, Ragusa has not only a long vista of historical memories, but she has also long been eminent in the world of literature. One of Ragusa's special glories was her right of asylum, and her humanitarian ideals were further shown by her ordinance, the first of the kind issued on the Continent, forbidding participation in the slave trade on pain of fine and imprisonment; furthermore, she has the honour of being the first town in Europe to establish a foundling hospital. In addition to all these manifold claims upon interest and attention, Ragusa is, from the point of view of natural beauty, the "gem of the Dalmatian coast," and perhaps the most fascinating town in the Near East.<sup>1</sup>

#### 4. CENTRAL AND LOCAL GOVERNMENT.

From the foundation of the Triune Kingdom till 1848 Austria was under an absolute Government. After the Battle of the White Mountain, in 1620, Bohemia virtually lost her independence; and if the revised constitution of 1627 preserves a diminished autonomy to Bohemia, yet it declares at the same time the absolute power of the monarch. Legal and all other powers pertaining to supreme might are thereby vested in him, irrespective of the Estates (*ohne Konkurrenz der Stände*). In Bohemia the feudal constitutional régime gave place gradually to an unlimited despotism, which eventually derived its concrete existence from the decrees of Maria Theresa in 1749.

The progressive extension of the three departments of central authority—the Privy Council, the Aulic Chamber, and the War Department<sup>2</sup> (in which institu-

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 117-121, and Miller, "Travels and Politics in the Near East," pp. 26, 27.

<sup>2</sup> Max Marse, p. 5; *Edinburgh Review*, October, 1903; Ulbrich, "Das Oesterreichisch Staatsrecht," p. 7.

tions we may see the germs of the common Ministries of Foreign Affairs, Finance, and War, which are the joint administrative organs of the Austro-Hungarian Monarchy of to-day)—contributed not a little to the erection of absolutism. The Bohemian Chancery, which served at once as a Supreme Court of Justice for the Bohemian tribunals and as an administrative intermediary between the monarch and the lord-lieutenancy, or council of great public officers of the kingdom, and between the Crown and the Diets, was domiciled at Vienna, and therefore under the direct rule of the Court. It was soon invaded by the professional bureaucrat, with his enthusiasm for the simplicity of centralistic methods in administration and jurisprudence. Similarly, in the provinces the autonomous agents, whose powers were extended while they were subjected to the control of the Central Bureau, tended to become imperial functionaries.<sup>1</sup>

Hungary, on the other hand, through all the troubles of the sixteenth and seventeenth centuries, had preserved her constitution—often violated and sometimes in abeyance, it is true, but nevertheless unimpaired. Thanks to her tenacity of her rights, and thanks also to the Turkish occupation, Hungary escaped Austrian absolutism. During the 160 years from Mohacs to the reconquest of Buda, Hungary was divided by two parties—the Magyars, who sought alliance with Christian Austria, and those who preferred the infidel to despotism. In their struggle against absorption the national party were assisted by the universality of the Hapsburg ambition. Had they contented themselves with achieving the final reduction of Hungary only, the Hapsburgs would have accomplished it; but while Austria was engaged in a fruitless combat against all political and religious liberty, for Catholicism and the Empire, Hungary, as we have seen, managed at various times to obtain a virtual acknowledgment of her special rights, and the dualism eventually established in 1867 was

<sup>1</sup> *Edinburgh Review*, October, 1903.

gradually evolved. Austria's bulwark against Turkish aggression was well placed to protect its own interest, and never failed to make its own terms for the smallest service.<sup>1</sup>

At the beginning of the nineteenth century the Hungarian constitution passed through a critical phase. From 1811 to 1825 no Diet was summoned. The Government and the nation were seriously at variance, and had Austria chosen, she could without difficulty have abolished the constitution which had so long proved a thorn in her side. Happily, the occupant of the throne was Francis II., the enemy of change, who convoked a new Diet, and the constitution which was to cause the Parliamentary evolution of the monarchy during the nineteenth century was saved. In 1825 the era of reforms began in Hungary which led to the revolution of 1848.<sup>2</sup> In the face of the nationalist and political movement the Government showed itself undecided; meanwhile the old dualism had grown untenable on account of the reforms. Change or revolution was inevitable.

After the convulsions of 1848 had subsided, Hungary was for a short period subjected to the absolutist régime of Vienna; but, after several experiments, a constitution was at length framed by royal decree for Austria, Hungary was confirmed in her revolutionary constitution of 1848, and the two States were united by a federal tie.

The Cis-Leithanian dominions and the Hungarian kingdom became practically independent of one another. Each had a separate Government, a separate Parliament, and a separate Ministry, of its own.

Cis-Leithanian Austria was constituted a State for the first time in 1867. The constitution of the new State was drawn partly from the October Diploma (1860) and the February Patent (1861), as the experimental constitutions were called, while the law of

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 13, 14, 15, 16.

<sup>2</sup> Eisenmann, p. 62.



1867 is a modification and an amplification of these charters. These constitutions, like that of 1867, were *octrois*; their sole basis, legally and actually, is the gift of the monarch.<sup>1</sup>

In the constitution of 1867 the transmission of the Crown is treated as something lying outside the scope of the fundamental laws, and the rules of the succession rest entirely on the former imperial rescripts, and especially on the Pragmatic Sanction of 1724.<sup>2</sup> The succession is hereditary, but the order of primogeniture is not always adhered to. The nearest heir sometimes abdicates in favour of another member of the Royal Family, as in the case of the actual monarch Francis Joseph.

Although legally the powers of the Emperor are much the same as those of other constitutional monarchs, yet practically the Ministers are the servants of the Crown, not of the Parliament, and the Emperor can thus use his powers with great freedom. In theory the Parliamentary system is in force, but in practice the Emperor has been known, under the present constitution, to refuse to sanction a Bill passed by both Houses of Parliament. Moreover, in default of Parliament, he has absolute power under Article 14 of the constitution.

The law of 1867 gives constitutional sanction to the laws for the protection of personal liberty. It proclaims the equality of all in the eyes of the law, the right of petition and association, freedom of speech and writing; but the guarantee of these rights is by no means thoroughly effective. Some of the clauses are mere statements of general principles; others are qualified, if not actually contradicted, by statutes which rob them of their value.<sup>3</sup> As a matter of fact, the bureaucracy is

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," p. 494; Lowell, vol. ii., p. 101.

<sup>2</sup> The Pragmatic Sanction was accepted at different dates by the various Diets of the Austro-Hungarian lands: in 1713 by Croatia, and from 1720 to 1724 by the other Diets. It was finally proclaimed a fundamental law in 1724. For law, see Appendix. Cf. pp. 455 and 485.

<sup>3</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., pp. 75, 76, 79, and Eisenmann, p. 603.

practically all-powerful, and there is a great dread of the free expression of opinion ; both associations and the press are subjected to severe restrictions, while the inquisitorial police vigilantly supervise the conduct of visitors and citizens alike.

The constitution of 1867 marked an advance on the Patent, which, if it created a Parliament in Austria, took care to make it impossible for it to exercise any effectual control. The Austrian Parliament after 1867, on the other hand, was furnished with most of the rights of a veritable representation of the people. It consists of an Upper and a Lower House. In the first, in addition to the nobles and the Princes of the Church, life-members may be appointed. This power has been freely used, and has transformed the Upper House into a Governmental Chamber rather than an assembly of nobles. The rights of both Houses are the same, except that the Budget and the Bill fixing the number of recruits must be presented to the Lower House first. The Lower House is elected for six years, but can be dissolved at any time by the Crown. Members were formerly chosen by the Diets, but the trouble with these refractory assemblies was brought to an end in 1878, when they were deprived of all voice in the matter, and the election was placed entirely in the hands of provincial voters.<sup>1</sup>

The payment of members has had the unfortunate result of greatly increasing the number of professional politicians, who play upon racial prejudice to secure re-election. The violent language and conduct of these members is resorted to with the object of securing the votes of the most numerous, which is also the lowest, class of the electors. The professionals, however, are aided by other members, who join in the tumultuous scenes which frequently occur both in the Austrian and in the Hungarian Parliament. In December, 1902, a complete list was published in Vienna of the abusive

<sup>1</sup> Lowell, vol. ii., pp. 79-86 ; Eisenmann, p. 504.

expressions hurled at one another by irate politicians in the Austrian Chamber. They were 1,763 in number, chiefly of zoological origin, ranging from ass to zebra, and gave proof of considerable ingenuity.<sup>1</sup>

Austria has been called a decentralized unitary State. It has very much the appearance of a federation, for below the Reichsrath there are seventeen provincial Diets, each enjoying considerable powers, and competent to legislate on all matters that refer exclusively to their own territories, such as public works and local taxation and the control of ecclesiastical and charitable institutions.) Again, certain legislation within the province of the central Parliament is in practice only laid down in outline by the imperial law, the details being left to the Diets to fill in. The privileges of Diets do not depend on the Reichsrath, but are prescribed by the fundamental laws, which reserve to the Diets all matters not specially placed under the central Parliament. However, in spite of its respect for autonomous principles, the constitution is in reality centralist. The political importance of the Diets is great, owing to the practice of using them as a kind of entrenchment in the war between the races. They are composed of *ex-officio* members, such as the Archbishops and Bishops of the Roman Catholic and Greek Churches of the provinces and the Rector of the University, and of ordinary members chosen by four several groups of electors—landowners, citizens, corporations, and rural communes. The distrust of the organs of local self-government is shown by the provision which forbids the Diets to communicate with each other or issue any publications. The Emperor has large powers over the Diets, and not infrequently refuses his sanction to measures passed by those assemblies. In some of the larger provinces, such as Galicia and Bohemia, there are other elected bodies corresponding in some respects to British County Councils, representing the *Bezirke*, or districts. The communes have also elected councils,

<sup>1</sup> Palmer, p. 186.

and there are similar bodies, with varying constitutions, in the towns.<sup>1</sup>

Since 1867 important reforms have been passed which have given a new physiognomy to the Chamber of Deputies. The reform of 1873, which suppressed the electoral right of the Diets, retained the curial system as the basis of electoral right. The injustice of the former system was not rectified by the reform, and town representation was disproportionately increased. The 1882 reform undertaken by Taaffe consisted in the extension of the franchise, or the *curiæ* of the towns and country, to all paying 5 florins in direct taxes. The result of this measure was to diminish the influence of the upper and middle bourgeoisie, to the advantage of the artisans and small shopkeepers. In 1896 the five-florin minimum was reduced, after a reform of taxation, to 4 florins; a fifth electoral college, or *curia*, was added to the existing four, and this comprised all Austrian subjects over twenty-four years of age fulfilling general conditions of eligibility for the franchise. Although this reform was tentative, and left the peoples of Austria very inadequately represented, yet it modified the composition of Parliament in a radical and national sense, and paved the way for the universal equal and direct suffrage law of 1906.

Eisenmann, criticizing the Austrian constitution of 1867, sums it up as a tissue of contradictions, with "its unity, which is duality; its parity, which signifies inequality; and its constitutionalism, which implies absolutism." One of its greatest weaknesses lies in the fact that it was *octroyirt*, or the gift of the Prince. The old political and social forces were hostile to it; the middle classes, its natural prop, were divided by the racial quarrels; while the lower classes, who only obtained some measure of political rights in 1896, were impotent and indifferent.

The result of the weakness of the constitution has

<sup>1</sup> Palmer, pp. 186, 187; Lowell, vol. ii., pp. 90-92; "Statesman's Year-Book," 1908, p. 741; Eisenmann, p. 499.

been threefold: Parliament lost all power, the bureaucracy governed Austria, and Cis-Leithania became more and more an appendage of Hungary.<sup>1</sup>

The sole binding force has been the Emperor, with his centralized bureaucracy; but if the constitution led to the deadlock which began in 1897, it at least gave Austria a fairly workable interim system, which has given her at any rate some of the preparation and experience necessary to qualify her for the modern political phase.

##### 5. POLITICAL PARTIES AND QUESTIONS: PRESENT POSITION.

By the first years of the twentieth century it had become plain that the time had come for a further development of the constitution of the Empire. The Austrian peoples had outgrown the 1867 régime. The lessons of the interim period showed that the day of centralization was over, and that the racial question could no longer be evaded or ignored. If there was to be peace, there must be in fact the equality of all nationalities laid down in the constitution. Further, the rise of industrialism and of its concomitant socialism had brought economic interests and labour questions into the foreground.

The *leitmotiv* of the future of Austria, as of every other European State, is economic development, and this development the Emperor, whose ideas and aspirations were represented by the Koerber Government, felt could be best secured by allying the peasant with the merchant and industrialist.<sup>2</sup>

The initiation of the reform of the suffrage came from the Emperor. He was the driving and directing force. "At every stage his voice is heard, encouraging its supporters, chiding its open and secret foes, whipping up

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 500, 501, 518, 527, 528, 559.

<sup>2</sup> Max Marse, "L'Autriche à l'Aube du XX<sup>e</sup> Siècle," p. 14; Charmatz, "Deutsch. Oesterreichische Politik," pp. 195, 196, 199.

it will help to obliterate them, since one of its healthiest features is interracialism. It has been called the most respectable and interesting of all Austrian parties, and its success at the polls in 1907 must be attributed to its steady propaganda, its strict discipline, and its idealism.<sup>1</sup>

The chief feature of the first session of the new Parliament was the tendency of the German Liberals to revolve round the Clerical Centre, making the clerical party even stronger than Parliamentary statistics showed. In addition to the clericals and the socialists, the Polish Club alone showed signs of strength, the other parties being like "loose sand." All through 1908 excellent work was done by the social democrats, not only in the Chamber, but also in committee, and especially on the advisory council of the Labour Department. Dr. Adler, the party leader, showed the qualities of a real statesman, and among the rank and file Dr. Renner gave proof of conspicuous ability in assisting to make Parliament a working machine. For instance, it was owing to Dr. Adler's tact and diplomacy, and the discipline of the socialist party, that not only the first reading of the Budget provisional estimates, but also certain useful labour measures were passed by the Lower House in December, 1908. The Austrian social democracy is, in fact, constructive and practical, though Dr. Adler still calls his party Republican.<sup>2</sup>

Time will show whether universal suffrage has really brought a solution to Austrian difficulties. Certain it is that, in the words of the socialist manifesto, "democratic Austria, the Austria of her peoples, has still to be erected."<sup>3</sup> But it would appear, from the enthusiasm of the Jubilee festivities in June, 1908, that the foundations have been well and truly laid. One scene in particular is worthy of special mention, as testifying

<sup>1</sup> Charmatz, pp. 90, 91, 93, 257, 288, 302; *Times*, May 16, 1907; *Edinburgh Review*, July, 1898.

<sup>2</sup> *Times*, December 4, 16, 21, 1908.

<sup>3</sup> *Morning Post*, Vienna, July 30, 1907; *Times*, January 29, 1907.

to the existence of an Austrian *Gesammt Patriotismus*, with which the enemies of Austria will have to reckon, but in which they are generally inclined to disbelieve.

On June 12 there passed before the Emperor, in a procession which lasted more than three hours, 12,000 of his subjects, of all races and tongues, in costumes of all the historic periods of his house, shouting their loyal greetings. Nobles and warriors have assembled before the monarch before, but never has there been so complete a muster of the peoples of the Empire. The Austrians, who are a nation without knowing it, found themselves that morning, and the people of Vienna cheered each race and clan, in the consciousness that not only common loyalty to a common dynasty personified in a venerable Sovereign, but also a common history, common interests, common enemies, and a common destiny, unite them all. Nor was an omen for the future wanting. "Towards midday," says the *Times* correspondent, "with scarcely a cloud on the horizon, and none overhead, there appeared a rainbow, pale but distinct, and lying, as it were, horizontally in the form of a crescent along the vault of the sky, the arch of the bow pointing southward, and the two extremities of the bow northwards."<sup>1</sup>

Francis Joseph will leave to his successor a very different heritage to that which he himself received. He will leave an Empire broad based not only on the loyalty, but also on the liberties, of his peoples. He will leave with it the bow of Ulysses, and the bow, as the omen foreshadows, is pointed south. Will his successor be able to draw it? Time alone can show.

<sup>1</sup> *Times*, June 13, 1908.

## CHAPTER II

### AUSTRIAN AGRICULTURE

1. IMPORTANCE OF AGRICULTURE TO AUSTRIA : Statistics of Professions—Vital Statistics—Geographical and Racial Statistics—Climate—Soil—Old and New Schools.
2. FORMS OF LAND TENURE : History—Extent—Position of Large and Small Landowners—Peasant Proprietors.
- 3. LABOUR QUESTIONS : Wages—Hours—Conditions of Labour—Housing—Migrations from Province to Province and Emigration.
- 4. METHODS OF CULTIVATION ; CHIEF CROPS : Agricultural Industries—Sugar—Wine—Forests—Cattle—Fishing.
5. CHARACTERISTICS AND DEFECTS OF PRESENT SYSTEM : Soil Improvements—Irrigation—Technical Education—Agricultural Co-operation and Credit—Die Börse.
6. AGRICULTURAL LEGISLATION AND ADMINISTRATION : Ministry of Agriculture.

#### 1. IMPORTANCE OF AGRICULTURE.

THIRTY years ago two-thirds of the population of Austria were occupied in agricultural pursuits. Since that time, however, Austria has gone far in the process of evolution from an agrarian to an industrial State. Each succeeding census has illustrated the modern movement. In 1869, 67·2 per cent. of the working population of Austria were engaged in agriculture and forestry. In 1890 the percentage had dropped to 62·4, while in 1900 it stood at 58·2. The whole natural increase of the population is being absorbed by other callings, while agriculture barely maintains its numbers.

In certain districts in Galicia, Bukowina, and Dalmatia, where the people have no industrial outlet, the agricultural population has increased of late years ; but this is more than counterbalanced by the serious decline, or at best stagnation, of the numbers engaged in agriculture in other parts of Austria, such as Bohemia, Silesia, Moravia, Lower Austria, and Vorarlberg. The



different races of Austria are likewise very variously represented in the industrial movement. The Germans, for instance, although they only form 35 per cent. of the total population, are more than 50 per cent. of the industrial population. Nevertheless, in spite of the rapid growth of modern industries, of "large" industry and "large" commerce, agriculture still holds an overwhelmingly important position as the occupation in which nearly half the population is engaged.

The conspicuous position attained by the mushroom industries of the past three decades has obscured the paramount importance of agriculture, but, in view of the census of occupations, Austria cannot be said to have been transformed into a manufacturing commonwealth. The industry which affords employment to so large a proportion of the population necessarily towers above all others, and it would be difficult to overestimate the vital importance to the nation as a whole of all questions relating to agriculture.<sup>1</sup>

The last decade shows an improvement in the economic conditions of the agricultural population. Although the highest proportion of women are engaged in agriculture, yet in agriculture, as in industry, the number of dependents increased considerably between 1890 and 1900—an increase which is said to be accounted for by the decrease of women's labour and that of boys under twenty, and by the rising birth-rate.<sup>2</sup>

The population of Austria increased in density between 1869 and 1890 from 67 to 80 inhabitants for every square kilometre, while in 1900 that number reached 87 persons. The increased density has accentuated the relative differences between the various districts of the Empire. For example, in Salzburg the number of inhabitants per square kilometre only rose from 20 to 27 between 1869 and 1900; while in Lower Austria

<sup>1</sup> Labour Report, p. 70; Max Marse, "L'Autriche à l'Aube du XX<sup>e</sup> Siècle," pp. 56, 57; Lopuszanski, "Die Volkswirtschaft Oesterreichs in den Jahren 1900 bis 1904," p. 7; *Neue Freie Presse*, January 14, 1905; *Journal of the Royal Statistical Society*, December 31, 1904; "Statesman's Year-Book," 1907.

<sup>2</sup> Statistical Society Journal, December 31, 1904.

(which, of course, includes Vienna) the number in the same period increased from 99 to 156 per square kilometre. In general, it appears that in the agricultural districts, where the population is directly limited by the productive power of the soil, and in mountainous regions, the numbers are less. After Lower Austria, the most thickly populated districts are Bohemia (121), Silesia (132), Moravia (110), and Galicia (93). The district of Trieste is purely urban.<sup>1</sup>

In Austria, as in other countries, the birth-rate and the death-rate are, on the whole, both declining; although, according to the most recent statistics, while the number of births has fallen, the number of deaths has risen. The decrease of the birth-rate is, it is maintained, one of the causes of the decrease of the death-rate. The birth-rate has, however, not declined proportionately to the death-rate, and there is consequently a steady increase in the population. In 1893 the number of children born living per 1,000 of the population was 37·9, a rate second only to Hungary among European countries for which statistics could be procured; while the death-rate (not counting still-births) was 27·1, a rate also second only to Hungary. In 1900 the birth-rate was 38·5, the death-rate 30·6 per thousand.<sup>2</sup>

The following table shows the movement of the civil population in Austria in still more recent years, according to the latest official returns :

Year.	Births.	Stillborn.	Illegitimate.	Marriages.	Deaths.	Surplus of Living Births.
1901	988,985	27,484	133,260	214,228	631,377	330,124
1902	1,010,843	26,603	134,136	206,577	656,400	327,840
1903	969,960	26,007	122,706	209,135	638,092	305,861
1904	987,425	25,995	126,566	210,324	642,333	179,097
1905 <sup>3</sup>	945,888	24,204	—	213,032	684,606	323,078 <sup>4</sup>

<sup>1</sup> Labour Report, pp. 15, 16. See also "Statesman's Year-Book," 1908, p. 742, and "Oest. Stat. Handbuch."

<sup>2</sup> "Soziale Verwaltung," Daimler, "Sterblichkeitsstatistik," p. 44, and Matlekovits, "Das Königreich Ungarn," vol. i., pp. 124, 133.

<sup>3</sup> Preliminary returns.

<sup>4</sup> "Statesman's Year-Book," 1908, p. 744.

As a whole, therefore, in spite of improvement, Austrian statistics show a high birth-rate and a high death-rate—an indication of a low rate of civilization. In this, however, as in many other matters, conditions vary enormously in the countries which compose the Empire. The great differences of soil, climate, social conditions, and population, cause great differences in the amount of sickness and in the height of the death-rate. Bukowina has the highest average birth-rate, 43·7, after which comes Galicia, with 43·3. Then follow in order Silesia, Moravia, Bohemia, Lower Austria, the Littoral, etc., down to Tirol and Vorarlberg, in which district the birth-rate is as low as 28·8 per 1,000. The high birth-rate here, as elsewhere, is marked by a correspondingly high death-rate. Thus Galicia has the highest death-rate, with 34·7, Dalmatia, and Tirol and Vorarlberg the lowest, 24·6. A favourable sign noticeable in recent years is the even course of the mortality curve which was actually but little affected by the last cholera epidemic.<sup>1</sup>

Infant mortality accounts for a very large proportion of the death-rate in Austria. On an average, a quarter of the children born living die in their first year, while a third do not reach the age of four.

Among adults tubercular diseases and inflammation of the lungs cause the severest ravages; on the other hand, better care and improved scientific methods have abated the mortality from diphtheria, typhus, cholera, and dysentery. Tubercular diseases, though most widely spread in industrial regions, do not leave the agricultural population unscathed.

The medical staff (*Heilpersonen*) has increased greatly during the last century, and doctors and midwives have risen in numbers, but there is still a great deficiency of the latter, particularly in certain districts. In 1895 there were 80·7 doctors to every 100,000 inhabitants in Austria, as against 27·6 in Hungary; but, with the exception of Russia, Austria is less well supplied with

<sup>1</sup> "Soziale Verwaltung," Daimler, "Sterblichkeitsstatistik," pp. 41, 44, 45.

doctors than any of the European countries for which Matlekovits gives statistics.<sup>1</sup>

A feature of the population question in Austria is the very high rate of illegitimacy in certain districts. In 1903, the rate varied from 41 per cent. in Carinthia to 4.2 per cent. in Dalmatia. In Salzburg the rate was 25.3 per cent., in Lower Austria 24 per cent., and in Galicia it was as low as 11.8 per cent.<sup>2</sup>

Taking the years from 1881 to 1898, Austria has the highest rate of illegitimacy of any European country; the rate for Austria varied from 149 to 144 on every 1,000 born. The country with the next highest rate was Sweden, with 101 to 103 variation in the same period. Great Britain showed a rate of 50, which steadily declined to 44 in 1898, while the Netherlands had the lowest rate, 31—31.

The number of illegitimate births in Hungary, it is stated, is large and steadily increasing, while the record in Austria is little better.<sup>3</sup>

The outstanding ethnographical division of Austria is that of German and Slav, but though the Slav preponderates in numbers, the German division is more compact. In fact, the heterogeneous mass of Slavs, differing in language, religion, customs, and history, are split up by the wedge of Germans, Magyars and Roumanians, which effectually separate the Slavs of the north from the Slavs of the south.

Although in the early nineties the Slavs seemed to be gaining upon the Germans both numerically and territorially, the gain has been exaggerated, for in 1900 the German-speaking population formed 35.78 per cent. of the whole population, as against 36.1 per cent. in 1890. There was, in fact, little displacement in the population between 1890 and 1900. Each of the races showed a steady, and as a rule almost a proportionate, increase.<sup>4</sup>

<sup>1</sup> "Soziale Verwaltung," Daimler, "Sterblichkeitsstatistik," pp. 41-53; Matlekovits, vol. i., 150, 151; "Oest. Stat. Handbuch," 1905, pp. 36, 37.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 745.

<sup>3</sup> Matlekovits, vol. i., 129, 130.

<sup>4</sup> Labour Report, p. 9; "Oest. Stat. Handbuch," 1905, p. 5.

The table on p. 60 shows how the races stood, and what their distribution was, at the last census.

A glance at the map is sufficient to show that the country has not one uniform climate. From parched Bohemia to the well-watered mountains or semi-tropical lands lying along the Adriatic, the climates of Austria are as various as the altitudes. Owing to this diversity a wide variety in the culture is possible. Of the total land under cultivation, 37·6 per cent. is arable, 34·6 woodland, 25·2 pastures, 1·3 gardens, 0·9 vineyards, and 0·4 lakes and fish-ponds. The productive area embraces almost every kind of cultivation, from forests and Alpine pastures to vineyards and orange-groves. In the mountainous regions in Vorarlberg and Styria, forest, pasture and meadow land prevail; in Austria proper lie the great corn-lands; maize, which is not grown at all in Upper Austria and Salzburg, is cultivated to a great extent in the Valley of the Adige, or Etsch, where the Italian system prevails, of sowing the crops between rows of vine-stocks or mulberry-trees, and planting water-melons and gourds among the grain.

The Southern Tirol is the great fruit region. Here the climate enables not only peaches, apricots, and figs to ripen, but also pomegranates, oranges, and lemons. Dairy-farming is practised with success in Carinthia, Carniola, the Tirol and Vorarlberg, while Bohemia is the great agricultural centre of Austria.

As regards the system of cultivation, exigencies of soil and climate, and also nationality, are factors which tend on the one hand to maintain feudal methods, or on the other hand to promote recent scientific improvements.

The system of large establishments and capitalist production is widespread in Bohemia, and it is here that intensive farming and modern agricultural improvements have been most freely introduced. Farming on a large scale is also carried on in Silesia and Moravia, but not in Lower Austria and the Alpine regions, where

DISTRIBUTION OF POPULATION IN AUSTRIA ACCORDING TO NATIONALITY, ON THE BASIS  
OF THE CENSUS OF DECEMBER 31, 1900.<sup>1</sup>

Territories.	German.	Bohemian, Moravian, and Slovak.	Polish.	Magyar.	Ruthenian.	Slovenian.	Servian and Croatian.	Italian and Ladine.	Rou- manian.
Lower Austria	2,713,923	132,968	4,981	—	1,208	1,654	339	1,549	79
Upper Austria	795,355	3,535	110	—	48	508	34	660	3
Salzburg	185,951	561	10	—	2	153	18	153	—
Styria	902,343	733	97	—	29	409,531	129	462	1
Carinthia	269,960	196	35	—	9	90,495	16	89	—
Carniola	28,177	390	25	—	3	475,302	175	259	1
Coast lands	19,454	674	194	—	10	212,978	143,602	334,152	1,313
Tirol and Vorarlberg	573,156	1,945	98	—	3	465	67	373,905	1
Bohemia	2,337,013	3,930,093	1,915	—	1,313	280	120	264	14
Moravia	675,492	1,727,270	15,560	—	387	407	1,566	41	24
Silesia	296,571.	146,265	220,472	—	292	89	4	47	—
Galicia	212,427	9,014	3,982,033	—	3,080,443	127	28	123	508
Bukowina	159,486	596	26,857	9,516	297,798	108	6	119	229,018
Dalmatia	2,306	1,157	96	—	25	683	565,276	15,279	1
Totals	9,171,614	5,955,397	4,252,384	9,516	3,381,570	1,192,780	711,380	727,102	230,963
GRAND TOTAL	...	...	...	...	...	...	...	...	...
									25,632,805.

<sup>1</sup> "Oest. Stat. Handbuch," 1905, p. 5.

the tenant farmers are lacking in enterprise, and have not sufficient capital to make new experiments.<sup>1</sup>

But on the whole it may be said that old school and new school exist side by side. Modern influences in favour of association, technical education, and specialization, in farming, are to be found not far from the survivals of bygone ages, such as the thriftless and cumbersome manorial system, with its inefficient and expensive working, which still exists to the detriment of agriculture and the agriculturist.

## 2. FORMS OF LAND TENURE.

More than one and a half million hectares (1 hectare = 2·47 acres) of land in Austria are under the administration of the State. These State lands are chiefly forests, so that their agricultural importance is not great, and they are controlled by the Minister of Agriculture on an exceedingly cumbersome system. Spiritual or ecclesiastical property amounts, apart from the Greek Church property in the Bukowina and the *Religions-fonds-güter*, to some half a million hectares. Ecclesiastical estates are the oldest of all, and (unlike the entailed estates) are exempt not only from the possibility of sale, but also, except subject to permission, with elaborate precautions, from being burdened with debt.

The Church lands are usually worked in "ancestral" fashion, as the ecclesiastics are, more often than not, inefficient landlords, little versed in technical knowledge, and only too apt to delegate to others the management and working of the estates. The entailed estates (*Fidei-commisse*) embrace an area of about 1,140,000 hectares, and are held, as their name implies, not in absolute ownership, but in trust for the next heir.

In the case of these entailed properties, the limit of debt (*Verschuldungsgrenze*), on which so much has been written, has been fixed by law. It has been laid down that trusts of real and personal estate (*real und pecunial*

<sup>1</sup> Royal Commission on Labour Report, pp. 70-74.

*Fideicommis*) can only be burdened up to one-third of their value, while the loan is to be repaid in twenty annual instalments. Further, the fructus only, and not the corpus, can be mortgaged. These legal provisions, and the limitation of indebtedness, so strenuously resisted in the case of other forms of tenure, show clearly that the owner of an entailed estate in Austria is regarded as nothing more than a usufructuary, or life tenant, strictly bound by obligations to his successor. When the family stock dies out, the entailed estates become allod, or free, and the extent to which they may be burdened is not limited by any legal enactment.<sup>1</sup>

A large portion of the Austrian soil, which is cultivated extensively, is held in communal tenure. This kind of property must be held unencumbered, encumbrances, subdivision, etc., being subject to the consent of the local authority (*Landes Ausschuss*). The usufructuary rights, though communal, have a private element, as they belong to fixed classes. The extent of the rights are limited by what was "undisputed custom" until the introduction of the Communal Law (*Gemeindeordnung*) of 1860, subject to the condition that the usufructuary may in no case get more than what is sufficient for the requirements of himself and his household.

The "undisputed customary rights" of the law of 1860 have long since become a bone of contention, and at present the legislature has to consider the radical reform of the whole system, a question which is further complicated by the antiquated method of scattered plots, which entail difficulties in management, expense, loss of time, and constant disputes.<sup>2</sup>

The peasants' private lands have also been the subject of much consideration in recent years, and finally, in 1908, of special legislation.

<sup>1</sup> Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," p. 19; Günther, "Vergangenheit Gegenwart, Zukunft des Oesterreichischen Grundbesitzers und Güterbeamten," pp. 26-36; "Statesman's Year-Book," 1908.

<sup>2</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., pp. 76-78.



The freedom of transfer or mobilization of the soil, which was introduced in 1869, came to be regarded as a danger to the peasant or yeoman class (*Bauernstand*); and consequently a new agrarian law was passed in 1903, limiting the transfer of land, and requiring the consent of the Farm Board (*Höfe-behörde*) in case of any alteration in the *geschlossenen Höfe*, apart from expropriation and distress.

Although a large area was not, as has been seen, directly affected by the reforms of 1848, yet the present system may, generally speaking, be said to date from that time. In that year the feudal burdens upon land were abolished all over Austria, and the reform movement inaugurated under Joseph II. came at last into practical effect. Compulsory villein service ceased, and the small farmers were practically transformed into peasant proprietors. The lands of the large proprietors were in many instances leased out to the sometime feudal dependents (*unterthänige Bauern*), whose services the landlord had not sufficient capital to purchase. In this way the conversion of home farms worked by a bailiff into leaseholds became very general.<sup>1</sup>

The position of the great landowner was radically altered by the land law of 1842. He could no longer "enjoy the revenues of his lands without bestirring himself." Financial difficulties never before experienced confronted him; labour was no longer his right to exact, but a commodity to be paid for with ready money, of which he had a deficiency. All the necessities of life rose steadily in price; wages also increased; while transoceanic competition began to affect agricultural production in general, and the grain market in particular. The great landlord has consequently been forced to mortgage his property heavily, and his debts have largely increased in the last half-century.

On the other hand, railway development, with its accompanying facilities for attaining new markets, the

<sup>1</sup> Grünberg, "Studien zur Oesterreichischen Agrargeschichte," p. 95; Royal Commission on Labour Report, p. 72.

greater cheapness of mortgage credit, the spread of technical education, the scientific study of agriculture, and the erection of a Ministry of Agriculture, have all proved beneficial to the large landowners. In certain districts, especially in Galicia, the large landowner to-day has a plentiful supply of labour at a cheap rate, though of this he is more independent in view of the extensive use of labour-saving machinery in agricultural operations. In the majority of districts, however, the owners complain bitterly of their inability to procure labour, which has reduced them in many instances to the antiquated and less productive methods of extensive farming.

In spite of the loss of villein service, and the consequent financial difficulties sustained by the great landlord, his position is still a very strong one. His extensive possessions give him vast political and social influence. "The State is still to-day the tool of the noble."<sup>1</sup>

The small landowning class, on the other hand, is rapidly disappearing. The comfortable homestead, with its plentiful fare, its large well-lit *Gesinde-stube*, its heir-looms of old oak cabinets and bedsteads dating back to the time of Wallenstein, still exists, but it is gradually being replaced by allotments, or else it is swallowed up in the ever-widening territory of the capitalist landlord.<sup>2</sup>

On the one hand there is minute subdivision, on the other the formation of vast estates (*Latifundien*). There is not one single district in Lower Austria, Bohemia, Moravia, and Silesia, without large proprietors. In Bohemia this is a special characteristic: 776 persons own 35·6 per cent. of the total area of the kingdom, although they only form 0·1 per cent. of the proprietors. Again, the small size of the little holdings is the other chief feature of Bohemian land tenure.

<sup>1</sup> Gunther, "Vergangenheit Gegenwart, Zukunft des Oesterreichischen Grossgrundbesitzers und Güterbeamten," pp. 53-57, 98; Labour Report, p. 72; *Soziale Rundschau*, November, 1903, and *Neue Freie Presse*, January 14, 1903; Teifen, pp. 58, 59.

<sup>2</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 24, 25; Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," p. 19.

In Upper Austria, which ranks as the country of the well-to-do peasantry, there are many diminutive holdings, while 28·7 per cent. of the whole area is owned by great landed proprietors. In Moravia, Silesia, Styria, Salzburg, and Bukowina, the same conditions are found. "Only in Vorarlberg do healthy conditions of land tenure exist," according to Teifen, and in that small province 47·1 per cent. of the whole soil is still common property.<sup>1</sup>

In Bohemia, between 1869 and 1880, no less than 41,537 new holdings were carved out of the already existing peasant properties, a process which was facilitated by the introduction of free alienation of landed property in 1869. Plots of land of less than 2 jochs (a cadastral joch = 1·42 acres) multiplied 74 per cent. between 1869 and 1888. The sale of small farms had begun on a large scale; in one district (Bezirk) in Styria, 700 small farms were put up for sale, and in one commune the peasant proprietors had diminished by 33 within a very few years. Large numbers of the peasant properties were bought up by large landowners, and in Galicia especially, by Jews. The pressure of competition and the burden of taxation, which falls, comparatively speaking, more heavily upon the small than upon the large landowners, force the small independent farmer into the position of a tenant, or, again, his farm is not infrequently broken up into small holdings.<sup>2</sup>

Since the eighties there has been an active movement in favour of maintaining the yeomanry or peasant proprietors. The absorption of the agricultural middle class by the *Latifundien* and dwarf properties (*Zwerggüter*) is viewed with alarm, and the agricultural law of 1903 was passed to arrest this process. The transfer of agricultural properties of middle size provided with a dwelling-house, which belong to one person or to a married couple, is forbidden by this enactment, in so far

<sup>1</sup> Teifen, pp. 19-35; Gunther, p. 26; Labour Report, p. 73.

<sup>2</sup> Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 36-44; Royal Commission on Labour Report, p. 74; Statesman's 'Year-Book,' 1908, p. 770.

as they are not feudal or entailed estates (*Lehens oder Fidei kommissgüter*).

In Austria, according to Grabmayr, the agrarian question is a yeoman question, and on the happy solution of the problem of the maintenance of the yeoman peasant and his emancipation from debt, with which he is at present heavily burdened, depends to some extent the future of Austrian agriculture.

In my report to the Royal Commission on Labour in 1894, while recognizing the increase of the allotment-holder, I specified regions in which patriarchal farms were then common; and if that report is compared with Teifen's description in 1906, a clear idea will be gained of the rapid advance of the *Parzellierungs-tendenz* in twelve years.

The minute subdivision of the soil would appear to be due to the inefficiency of the yeoman, which often leads to indebtedness, and eventually to bankruptcy and sale, rather than to the custom of the equal distribution of the property among the yeoman's children. In fact, with the exception of the Southern Provinces where such distribution is not uncommon, the proprietor usually makes over his land to one of his sons during his lifetime, or specifies which of his descendants is to be his heir after his death.<sup>1</sup>

### 3. LABOUR QUESTIONS.

According to Teifen, "the labourer's life offers a melancholy, but also an instructive, picture of our (Austrian) culture." The agricultural labourers, 2,085,000 in number, have no assured means of subsistence, nor are they systematically insured against sickness, accident, and infirmity. The position of the labourer, accordingly, is one long list of grievances. The wages are extraordinarily low, the hours long, the

<sup>1</sup> Labour Report, pp. 72, 75; "Oest. Stat. Handbuch," 1905, pp. 127-130; Mischler and Ulbrich, "Oest. Staatswörterbuch," pp. 99-105; Grabmayr, "Das Landwirtschaftliche Kreditproblem," pp. 1-13, 40, 41.

treatment is inconsiderate. The children are neglected, and there is, in many places, no family life.<sup>1</sup> Education is not as good as that available for urban workers, and the labourer has no chance of raising himself in the world.

In spite of the great interest taken by the State in education, and the undoubted improvement of the last two decades, a very large proportion of the population in Austria is still illiterate, as will be seen from the following table :

STATISTICS OF ILLITERACY.

Population.	1880.	1890.	1900.
Read and write ...	10,930,099	13,258,452	16,067,972
Read only ...	1,345,781	1,031,624	778,782
Neither read nor write	9,858,364	9,605,337	9,303,954
Total ...	22,144,244	23,895,413	26,150,708 <sup>2</sup>

With regard to earnings, it appears that wages rose considerably between 1872 and 1891, while there was again a rise in 1897, and a still further improvement, as will be seen if the statistics of 1902 are compared with those of earlier date.<sup>3</sup>

It is exceedingly difficult to give an accurate account of the wages of the Austrian agricultural labourer, because the variations according to the district and the method of payment are very great, while the question is further complicated by the fact that the returns of wages given by masters and men differ in some cases as much as 100 per cent. Taking Austria as a whole, wages rose between 1877 and 1902 from 20 to 250 per cent., according to district. In 1896 wages in Galicia varied from 122 kreuzer (per day) to 29 kreuzer. The 1897 figures are

<sup>1</sup> Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 44, 51-55.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 747.

<sup>3</sup> Royal Commission on Labour Report, p. 75 ; Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 45, 51-55.

given, but it is stated that payment was frequently partly in kind, a form of remuneration which differed greatly according to the locality.<sup>1</sup>

The returns given by the men are, in Teifen's opinion, more trustworthy than those given by the masters, a fact which he has verified from the returns of the accident insurance institutions and other sources. Even to-day, in spite of the rise of the last few decades, and in such a province as Lower Austria, men do not earn as much as 1 krone (10d.) a day. In Styria, Bohemia, and Moravia wages for a grown man are 60 hellers, in Galicia and Bukowina 50 (about 4½d.) and 40 hellers, a day.

Even if the day-labourer receives full board in addition to the lowest wage, Teifen holds that "it is a subject of wonder that there are grown people who would give a whole day's work for such pay." The statements of the landowners, that the people seek employment in such ill-paid industries as home-weaving rather than in agriculture, corroborate this view as to the starvation wages and the wretched condition of the agricultural labourer. "Nowhere else in Europe," says Palmer, "except, perhaps, in Russia or some parts of Italy, is labour so cheap as in Austria-Hungary."<sup>2</sup>

Although conditions are, generally speaking, bad, yet there is a wide difference between one district and another. Thus in Bohemia, where labour is scarce, it is stated that, though wages are low, the servant and the labourer live better than the indebted small yeoman (*Kleinbauer*). If this does not mean much, it is at least more than can be said of the labourers, for instance, of the Iglau district, who "must suffer hunger" if they are employed by small landowners, while in any case they only get the meals of the servants, who begin the

<sup>1</sup> Labour Report, p. 75; Teifen, p. 45; *Soziale Rundschau*, November, 1902, pp. 713-721.

<sup>2</sup> Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 46, 49; Palmer, "Austro-Hungarian Life in Town and Country," p. 206; and "Statesman's Year-Book," 1908, p. 773.

day at 4 a.m. with a sort of *Pantcherei*, unsavoury, un nourishing food, which is often cold.<sup>1</sup>

The servant (*Gesinde*) in Bohemia receives board and lodging, a fixed money payment, and in addition such customary perquisites as linen for shirts, potatoes, etc., and certain fixed doles at stated festivals, as, for example, twenty or thirty eggs at Easter. In Bohemia it would appear that, though the wages are low, the labourer is not worth his hire, and the landlord, on his side, has cause to complain that the workers are physically inefficient. The industrial centres drain off the young and capable, leaving only lads, old men, and incapables for agriculture.<sup>2</sup>

To turn from the most prosperous to the least prosperous, the Galician worker's wages and conditions generally make Bohemian grievances appear trivial in comparison. In Galicia, as in many parts of Austria, the labourers who undertake the farm work on the nobles' estates receive no payment in money, but are remunerated by a fixed share of the proceeds of the harvest at the end of the year. A large number of the estates are now the property of Jewish landowners, and a still larger proportion, though nominally owned by Polish nobles, are mortgaged to their full value, and completely controlled by Jewish money-lenders. As the sole employers of labour in many districts, these new landowners have been able to combine and to screw down the peasants' share of the produce of the soil to the lowest point. The share in Russia is from one half to one quarter, but in Galicia, by 1902, the landowners' ring had succeeded in reducing the maximum share to one-twelfth of the harvest. This proportion, divided among the large number of labourers required for the primitive Austrian system of cultivation, literally meant starvation for the men and their families. The result was an outbreak of serious peasant riots; the houses of the Jewish landowners were attacked and burnt, while

<sup>1</sup> Teifen, pp. 52 and 77.

<sup>2</sup> *Soziale Rundschau*, November, 1902, pp. 716, 721.

some of these employers narrowly escaped death at the hands of their labourers.

For some years (1897 to 1903) conditions were very unsettled in Galicia. On the one side strikes were parried by the introduction of labour-saving machinery and foreign workers; on the other side there was a very large increase in the number of immigrants into the manufacturing towns and mining districts. After the 1903 harvest strikes there was an improvement. The stand made by the labourers was not without result, for where the share of the harvest was less than one-tenth it was raised to that amount, though where that proportion was already given no change was made.<sup>1</sup>

As regards hours of labour, the length of the working day in agriculture varies according to the time of year, and also according to district. In Iglau hours vary from thirteen in winter to seventeen in summer, and in Goding from seven in winter to thirteen in summer. On the other hand, taking the statistics of 400 communes in Galicia, it would appear that the hours, though long, are not so excessive as those of Iglau or Goding. The winter hours of 50 per cent. of the Galician communes were below seven hours. The autumn hours of 38 per cent. were from eight to eight and a half. In spring 39 per cent. worked ten hours or more. Summer hours are not given. Another grievance with regard to hours, apart from undue length, is their uncertainty. Many labourers, it is alleged, prefer factory labour, even where the wages are the same as those they receive in agricultural employment, because "they have fixed hours, and then they are free."<sup>2</sup>

The housing question has been the subject of much consideration in recent years, and its solution is one of the prime objects of social economic effort. The Government clearly recognizes the close connection of

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 210, 211; *Soziale Rundschau*, November, 1903, pp. 660-662.

<sup>2</sup> Teifen, pp. 51-57; *Soziale Rundschau*, November, 1903, p. 657.



this question with the material, sanitary, and moral conditions of the lower classes.

In 1892 a law was passed to encourage the building of workmen's dwellings, but the Act proved inadequate, and after much discussion and preparatory work another law was passed in 1902 dealing with the same matter. In 1903 an enforcement ordinance (*Durchführungsverordnung*) was issued, which added supplementary clauses to the law of 1902. The nature of the soil on which the houses were to be built, freedom from damp, the height of the rooms, and the obligation to light the rooms with windows which can be opened, were among the subjects of the ordinance which brought the law of 1902 into force.

The above enactments no doubt affected the urban more than the rural labourers, yet, since political districts as well as towns are mentioned as within their scope, the agriculturists will reap some benefit from them, in so far as they find their own lodgings or take them from their employers; but in both cases there is no doubt there is much room for improvement.

Many agricultural labourers, however, reside on the farms, and in such cases conditions are frequently very bad indeed. The servants have often no sleeping-places at all. As a rule the *Knecht* sleeps in the stable, which sometimes shelters from eleven to fifteen head of cattle. In the case of workers on large properties, the living conditions are very bad; and not only as regards the adults, for, as men and women both work, the children are left to their own devices. The older ones cannot go to school, because they have to cook for their parents and look after the others.<sup>1</sup> In addition to such direct grievances as their living and working conditions, the labourers, Teifen holds, have less direct, but equally real, grievances in the high protective duties on grain and cattle, which the large proprietors use their political influence to main-

<sup>1</sup> Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 50-53; *Soziale Rundschau*, December, 1901, pp. 780-790, and January, 1903, pp. 120-127.

tain; further, in the inefficient and unproductive methods in which the great landowners work their estates; and, lastly, in the conversion of wide pastures into shooting grounds and the absorption of yeomen's properties. All these lead to inferior conditions of labour, higher prices, less employment, and a waste of the national wealth, with the further result of the depopulation of the rural districts and the increase of the numbers of the proletariat.<sup>1</sup>

With regard to the state of the labour market in Austria, contradictory statements are made. But it would appear that there is no serious lack of employment in rural districts generally, though there is a lack in districts with especially unfavourable climates, and in Galicia, where the conditions are unusually bad because the labourers are at the mercy of the landowners. In fact, inducements are being held out to keep the labourers on the land, while the rush to the towns is generally deplored. Insurance against sickness and accident has been made the subject of frequent and recent discussion, but so far with no practical result. Special legal provisions for the protection of those employed in agriculture, except in cases in which dangerous machinery is used, do not exist, although a Bill on the subject was prepared in 1904, and another of a comprehensive character was introduced in 1908.<sup>2</sup>

Since 1893 there has been a migration of labour to Germany, especially from Galicia. The emigration begins in March, and lasts through the whole busy time on as late as November, when the workers return home and live through the winter on the savings made during the summer months. Lest there should be any danger of the Eastern Provinces of the German Empire becoming too Austrian, or rather too Polish, in character, a regulation, which is seldom broken, provides that the Galician labourers should return home for at least six weeks every year. These migratory labourers are less exacting than

<sup>1</sup> Teifen, pp. 58, 59, 65.

<sup>2</sup> *Soziale Rundschau*, November, 1902, p. 714, November, 1903, p. 663, January, 1901, pp. 105-107, and May, 1904; *Neue Freie Presse*, January 14, 1905; Grabmayr, "Das Landwirtschaftliche Kreditproblem," p. 24.

Germans as to their living conditions, but have not reduced wages. In work requiring skill they are behind the Germans owing to their lack of education.

In the early nineties there was a temporary emigration to Russia from Galicia owing to the rumour that the Russian Government was distributing allotments gratis. The emigrants, finding themselves disappointed, returned, in most cases after a few weeks, and the movement ceased.<sup>1</sup>

(At this date the transoceanic emigration, now so important, was on the increase. There is little if any adequate information as to the movement in 1890, but the features which became marked later on were already visible. North America, then as now, absorbed the larger proportion of the emigrants, for the most part young men from fifteen to forty years of age. Males form 60 per cent. of the total emigration, which consists chiefly of landless peasants and underpaid industrials who hope to win fortune across the seas and return as they have seen others do, with capital accumulated. In recent years the steady flow of emigration to Brazil and the Argentine, and especially to North America, including Canada, has enormously increased, so much so that many branches of economic life in Austria are gravely affected by the difficulty of obtaining labour, and both social reformers and economists are seriously considering the best means of preventing a loss of population, which Austria can ill afford.

Some of the most important causes of emigration are the deplorable condition of the working classes, the long hours, low wages, and the lack of proper workmen's dwellings. In some parts of Bohemia, in Galicia, and the Bukowina, the methods of management of the large estates and the dearth of small holdings form the principal reason for the emigration of the very poor, who tramp over the frontier to the nearest labour market, whether it be Germany, Russia, or Roumania.<sup>2</sup>

<sup>1</sup> *Soziale Rundschau*, January, 1904, p. 117, and November, 1903, p. 667.

<sup>2</sup> *Labour Report*, pp. 27-33; "Statesman's Year-Book," 1908, p. 745; "Oest. Stat. Handbuch," 1907; *Arbeitsnachweis*, pp. 3, 4, 29, 31, February, 1908, and August, 1908.

A hopeful feature of the emigration, from the Austrian point of view, is its temporary and non-colonizing character. The Austrian, and still more the Hungarian, goes to make his fortune. The object of his ambition is to return to his Fatherland, and the sojourn in America rarely, it is said, exceeds from one to five years. During that time the emigrant, who is generally industrious and thrifty, can put by from 500 to 3,000 crowns. This prosperous condition has for the time altered. Owing to the financial crisis in 1907, industry was seriously depressed, and there has been a corresponding increase in the number of emigrants returning.<sup>1</sup>

The destination of emigrants is shown by the following approximate table :

Year.	Austrians.	Austrians and Hungarians.	To U.S.A.	To Canada.	To Brazil.	To Argentina.
1902	93,687	185,449	185,659	7,918	1	2,135
1903	102,316	222,237	234,636	13,095	272	1,378
1904	78,996	162,613	165,793	11,136	276	2,237
1905	123,729	249,200	284,967	10,060	329	5,346
1906	136,354	262,833	296,208	10,170	38	6,130 <sup>2</sup>

The return movement, which is said to have little effect on the labour market, is shown by the following table, also approximately :

	1903.		1904.		1905.		1906.		1907.	
	Emi- grants.	Returns.	Emi- grants.	Returns.	Emi- grants.	Returns.	Emi- grants.	Returns.	Emi- grants.	Returns.
From Austria	99,987	20,847	76,404	20,661	111,990	19,050	136,358	27,890	194,000	50,380
From Hungary	106,024	48,897	100,752	47,160	163,703	41,712	119,780	67,104	144,452	124,760 <sup>3</sup>

There is another interesting and important movement of the population—namely, that of the migration of

<sup>1</sup> *Arbeitsnachweis*, February, 1908, pp. 28, 29, 31, June, 1908, pp. 114, 115, and April, 1907, pp. 77, 60-66, 72; *Labour Report*, pp. 32, 33.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 745.

<sup>3</sup> *Arbeitsnachweis*, April, 1908, pp. 58, 59.

the population from province to province in Austria. This sometimes takes the form of "an irregular ebb and flow" between the different districts, and sometimes that of a steady flooding of the towns at the expense of the country. The districts which benefit chiefly by the emigration of population are Lower Austria, Salzburg, and Trieste, while those which suffer most from depopulation are Goritz and Gradisca, Carniola, Galicia, and Dalmatia. The most remarkable decrease in the decade from 1890 to 1900 was in Galicia, where the population fell from a decrease of 1.13 per cent. to a decrease of 4.6 per cent. In general, the tendency is to desert the country districts, such as Silesia and Moravia, with their great forests and large estates, or agricultural Dalmatia, and to flood the towns and industrial regions, the motive power being rather economic in character than racial or geographic.)

In this connection it is interesting to note not only the great development of urban life which has taken place in the last fifty years, and the swift growth of the towns<sup>1</sup> both in numbers and population, but also the tendency, of a more recent date, for villages to decrease in number. In fact, the middle-sized and large towns increase steadily, as the following table shows :

	1848.		1890.		1900.	
	No. of Towns.	Population.	No. of Towns.	Population.	No. of Towns.	Population.
1. Towns with population from 2,000 to 5,000 ... ..	602	1,692,301	1,062	3,011,074	1,344	3,875,980
2. From 5,000 to 10,000	95	543,564	150	966,769	198	1,339,901
3. From 10,000 to 20,000	21	264,054	68	919,106	74	1,002,910
4. Over 20,000 ... ..	7	720,546	32	2,870,259	44	3,774,245

In 1890, out of a total population of some 23,000,000, nearly 7,725,000 were concentrated in towns of over 2,000 inhabitants. In 1900 the number had risen to 10,000,000, in a population of 26,000,000.<sup>2</sup>

<sup>1</sup> Royal Commission on Labour Report, pp. 33, 34; "Oest. Stat. Handbuch," 1903, p. 2; and "Statesman's Year-Book," 1908, p. 745.

<sup>2</sup> Labour Report, p. 34; "Oest. Stat. Handbuch," 1903, p. 2.

## 4. METHODS OF CULTIVATION AND CHIEF CROPS.

In a great part of Austria the *Gemenglage*, or scattered plot system, still obtains, and constitutes a serious obstacle to the adoption of the best methods of cultivation, to the use of agricultural machinery, to irrigation, and to drainage. Property held in this way is difficult to manage. Much time is wasted in going from one patch of ground to another, and the cost of production is thereby increased. Further, the system gives rise to endless disputes, while much productive soil is taken up with boundaries to mark off the different plots.

Since 1883 the work of consolidating the scattered holdings has been in progress; but although some way has been made in Lower Austria, Moravia, and Silesia, some 16,000 cadastral communes are still in urgent need of consolidation, without counting Galicia. Only 20 per cent. of the communes have been completely reorganized; 9 per cent. are partly consolidated, and in 71 per cent. scattered plots prevail. The fact is that the legal enactments for consolidation and redistribution can only be put into force by the Diet of each province. Where the Diet has hardened its heart and the reform has been carried through, the results are very encouraging. Soil has been gained by the obliteration of the boundaries, the cost of working has decreased, irrigation and drainage schemes have been undertaken, with the result of better harvests and increased comfort to the population.<sup>1</sup>

As in her land system, so in her methods of cultivation, Austria is in a transition stage. In some districts feudal methods are still employed; in others the latest scientific improvements are applied in the management of the property and the working of the soil. Again, some classes of proprietors are peculiarly incompetent

<sup>1</sup> "Soziale Verwaltung," "Die Agrarischen Operationen," pp. 103-110; Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., pp. 84-90.

as cultivators, though there are in each case praiseworthy exceptions.

The general effect of the transformation which is taking place in Austria, from an agricultural to an industrial State, has been a veritable *Landflucht*, or rush from the land, which has deprived the proprietors of a great mass of labour, and has thereby forced them either to make more extensive use of agricultural machinery or to resort to the extensive system of farming, and to convert their meadows into game preserves. The great owners have in the majority of cases chosen the latter course. The usufructuaries of the ecclesiastical properties, as we have seen, content themselves for the most part with patriarchal methods, avoiding intensive cultivation as more difficult and entailing greater responsibility. The noble proprietor remains, with rare exceptions, "a layman in his inherited calling of landlord," to the great detriment of his property, in the management of which the lack of a thorough technical education is tantamount to a financial loss. The rising generation of landowners, with few exceptions, do not attend technical high schools, or even elementary technical (*Bodencultur*) schools. All go to the *Gymnasium*, after which they apply themselves to legal studies, and go to swell the ranks of the "juridical proletariat." Both great proprietors and large farmers (*Grossbauern*) are, moreover, too often absentees from their estates. The small farmer or yeoman class is greatly diminished and deeply in debt, and their holdings are, owing to the *Gemenglage*, often cultivated on antiquated methods.<sup>1</sup>

In spite, however, of the inefficiency of many large and middle-class owners, a great advance has been made in the agricultural output in recent years. Neither the area under cultivation, nor the harvest, nor cattle-breeding has diminished. Agricultural production has risen, and the productivity of labour has been raised by

<sup>1</sup> Gunther, "Vergangenheit, des Grossgrund besitzers," pp. 40, 41, 90, 91 ; Teifen, pp. 76, 65 ; Lopuszanski, "Die Volkswirtschaft Oesterreichs," p. 7.

the advance of technical knowledge and organization. This prosperity appears to be due to the intelligent association of the small allotment holder, who by this means has overcome his inability to apply capital to the land, and, thanks to the technical education which he receives, is able to cultivate his property on scientific lines.<sup>1</sup>

There is still much improvement to be made in deeper ploughing, the more extensive use of both ordinary and artificial manure, the more general introduction of agricultural machinery, and a better rotation of crops; but much has been already done. Austria has only one-half of the amount of fallow land which there is in Hungary, while one of the stated objects of the small holders' associations is the facilitation of the purchase of agricultural machinery, copper vitriol, manure, etc. The superiority of the small holders' methods of cultivation over those of the large owners is shown in the following table, making every allowance for the inferiority of the soil of large properties:

LAND TAX IN KRONEN PER HECTARE.

	Lower Austria.	Upper Austria.	Styria.	Bohemia.	Moravia.	Silesia.
Large estates	6.2	1.50	1.2	4.38	4.1	2.5
Small estates	24.4	7.72	4.5	8.63	8.4	3.2

In justice to the large owners, it must be admitted that a relatively wider area of great estates is unsuitable for intensive cultivation, but this fact does not account for the great difference between the productivity of the soil on great and small holdings.<sup>2</sup>

<sup>1</sup> *Neue Freie Presse*, January 14, 1905; Max Marse, pp. 56, 57; Teifen, pp. 43, 44, 56.

<sup>2</sup> Max Marse, "L'Autriche à l'Aube du XX<sup>e</sup> Siècle," pp. 57, 58; Lopuszanski, pp. 10, 11; Matlekovits, vol. i., pp. 205, 206; Gunther, pp. 54, 55; *Neue Freie Presse*, January 14, 1905; Teifen, p. 55.



In 1906 the total area under cultivation in Austria was 28,262,050 hectares, which was distributed among the different kinds of culture as follows: Arable land, 37·6 per cent.; gardens, 1·3; pastures and meadows, 25·2; vineyards, 0·9; woodlands, 34·6; lakes and fish-ponds, 0·4.<sup>1</sup> The cereal which holds the first place in cultivation is rye, but the chief exports are of wine and barley. The barley export is large and increasing, and its excellent quality has secured it a good market in Germany, where vast quantities of barley are required by the brewing industry.

In spite of the emigration, the requirements of the Austrian population have risen greatly in recent years, so that the home production of grain is quite inadequate to meet the home demand, even when the harvests are excellent. Taking an average of the years 1900–1908, we find that 28 per cent. of the Hungarian harvest was consumed by Austria, and even then “it was impossible to avoid a small foreign import.”

In 1906 the following areas in 1,000 hectares were under various crops: Wheat, 1,161; barley, 1,177; oats, 1,834; rye, 2,021; pulse, 277; buckwheat, 165; maize, 343; other cereals, 100; vineyards, 249; potatoes, 1,314; sugar beet, 239; other beet, 204; tobacco, 5; hops, 28; hemp, 29; flax, 72.<sup>2</sup>

Although rye and wheat still remained the most valuable crops in 1902, yet in the decade 1892–1902 rye and wheat fell in value, while barley and oats rose. Harvests in wheat, rye, and barley were excellent in the four years 1900–1908, but in spite of the increased production prices were well maintained. The lands having the largest proportion of arable soil are Galicia, Bohemia, and Moravia. The principal vine countries are Dalmatia, the Littoral or Coast Province, Lower Austria, and Styria; while in the Southern Provinces semi-tropical fruits, silk, wine, and maize, are cultivated.<sup>3</sup>

<sup>1</sup> “Statesman’s Year-Book,” 1908, p. 752.

<sup>2</sup> Lopuszanski, pp. 5–7; “Statesman’s Year-Book,” 1908, p. 753.

<sup>3</sup> Foreign Office Report, “Finances of Austria-Hungary” (Johnstone), No. 3,343, p. 50; Lopuszanski, p. 5; Royal Commission on Labour Report, p. 7.

Owing to its fruitful soil, watered by many streams, and favourable climatic conditions, agriculture takes a prominent place in Bohemia, which contains 17·82 per cent. of the total area of the Empire. Bohemia, with Moravia, was also the chief seat of the sugar industry, the first important development of which can be traced back to the Continental blockade inaugurated by Napoleon I. When the blockade terminated in 1818, the influx of transoceanic sugar, which was both cheaper and better, caused a decline in the industry; but it revived again in 1831, largely owing to the assistance of the Imperial Patriotic and Economic Society. In 1844 there were sixty-six sugar factories in the Empire, thirty of which were in Bohemia; and the industry was so strong in 1849 that it was able to bear taxation without injury. The sugar manufacturers now began to promote the interests of their trade by the introduction of new scientific methods, the publication of technical literature, and the formation of associations. The development of the industry continued to be rapid and constant, and amounted at the end of the nineties to one-fifth of the total production of the world; latterly, however, there have been signs of a decline.<sup>1</sup>

The industry is subject to a cartel, or ring, which relies upon the existence of a high Customs duty. Since the ring was organized, the proportion of refined sugar in the export of sugar has risen very rapidly, and amounted to 80 per cent. of the total export in 1901. The effect of the ring, according to Monsieur Yves Guyot, was that Austria, who had only two customers for her raw sugar—England and the United States—obtained everywhere new markets for the outlet of her enormous production, and was enabled to send very large quantities to the Far East, especially to Japan. Since 1900, however, the Austrian prospects have become less hopeful. The inland tax imposed on sugar by Japan on October 1, 1901, combined with German

<sup>1</sup> Royal Commission on Labour Report, p. 107.

competition, seriously affected the export to that country, which fell from 81,896 tons in 1900 to 18,719 tons in 1901. In the same year Spain, Italy, and the Balkan States, began to export sugar, and Egypt, which formerly bought sugar from Trieste, began to export large quantities to America and India. There is hardly a single market of importance left, except England and the Far East; and in the Far East it appears that Austria will eventually be crowded out when the Japanese national sugar industry is developed. The latest figures of export (1907) are 110,000 tons; this marks a considerable rise on the preceding year, due chiefly to the increased export to England.

Among the lesser agricultural industries, beer is growing in importance. In 1895 Austria stood third among the beer-producing countries of Europe as to quantity, and first as to quality, of output. Bohemia is the chief seat of the beer industry.<sup>1</sup> Wine is exported to some extent. The distilling and refining of liqueurs is also carried on in Austria, but the distillers have lost their chief foreign customers, Spain and Japan, by reason of the prohibitive import duties levied in those countries, while Russia and Roumania are ousting Austrian spirits in the Levant.<sup>2</sup>

The importance of the forests to the agriculture and industries of the country cannot be overestimated. In the Alpine provinces the cultivation of the soil would be impossible if the forests were allowed to fall into decay. The presence of the trees is of the greatest importance in attracting rain, and in preventing the demolition of houses by mountain torrents and avalanches.

In the Middle Ages, by far the larger proportion of the whole forest area was in the hands of the State. Even as late as the beginning of the nineteenth century,

<sup>1</sup> Yves Guyot, "The Sugar Question in 1901," pp. 23, 27, 28, 48, 49; Foreign Office Reports, "Bohemia," Nos. 2,357, 3,075, "Trieste," Nos. 3,233, 3,550; and Foreign Office Reports, No. 4,062, July, 1908, p. 9.

<sup>2</sup> Royal Commission on Labour Report, p. 108; Foreign Office Reports, "Bohemia," No. 2,857.

the State forests still covered vast tracts of land, but from 1800 to 1884 the area was constantly diminishing. The sale of the State forests, which began with the century, was first systematically carried out in 1855. The Minister of Finance then stated that, in consequence of the burdens to which the State forests were subjected, many of them were scarcely worth the cost of maintenance; and it was therefore decided to sell all which were not indispensable to some other part of the imperial property. The forests which were to remain in the hands of the State were to be only those which, from their influence on climate or on the sources of rivers, needed special protection, or, again, those required for the furnishing of fuel for the State mines and salt-works, together with those which at that time were of too small value to be worth selling.<sup>1</sup>

Since 1884 the extent of the State forests has again been enlarged, and their management is now in the hands of the Administrators of Domains and Forests, the Directory of Domains and Forests, and the Ministry of Agriculture.

In 1906, 84·6 per cent. of the total area of Austria was woodland. Styria has the largest amount, Galicia, Moravia, Bohemia, and Dalmatia, the least amount, of forest area. Expenditure on the forests increased from 10·6 million kronen in 1900 to 18·2 million kronen in 1904. The management is still both cumbersome and inefficient, to the serious detriment of the forests.<sup>2</sup>

The rearing of cattle is a very important source of revenue, which is quite a characteristic feature in the husbandry of the country, and regularly yields a large excess for export. The total value of the Austrian live-stock in 1900 was estimated at 487,000,000 florins. The export of horses, cattle, and sheep far exceeds the imports. Galicia is the chief district for the breeding of horses, Dalmatia for goats, Dalmatia and Istria for

<sup>1</sup> Labour Report, p. 85.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 752; Foreign Office Reports, No. 3,343.

sheep, Styria with Upper and Lower Austria for pigs, Salzburg for cattle, and Carinthia for bees. In Bohemia cattle-breeding is of importance, and of late years much attention has been given to it. Good stock has been imported from foreign countries, especially from Switzerland and Baden, for breeding purposes. All classes of live-stock increased between 1890 and 1900, with the exception of mules, sheep, and goats. Sheep are decreasing all over Austria, owing to transoceanic competition. In 1900 there were in Austria 1,716,488 horses, 9,511,170 cattle, 2,621,026 sheep, 4,682,654 pigs, and 1,019,664 goats.<sup>1</sup> An indication of the extensive and increasing importance of cattle-rearing is given by the increasing production of fodder plants, which rose, in millions of hundredweights, from 26·6 in 1870–1875 to 52·6 in 1898.<sup>2</sup>

(Although during the fifteen years from 1890 to 1905 the number of Austrian fishermen steadily increased, amounting to 14,000 in the last-named year, yet the fishing industry has been much neglected in Austrian waters in the Adriatic. This is due to want of enterprise and capital, and also to the successful competition of importers of fish from German sources. The annual average catch is worth about £200,000, the most valuable fish caught being sardines, netted chiefly round the coast of Lissa.<sup>3</sup>

The Italian Government has decided to subsidize new direct navigation lines between Venice, Dalmatia, and Istria. Thanks to these lines and their connections with the various trains, fishermen will be able to transport their fish to Milan, Turin, Bologna, Florence, Rome, and Naples.<sup>4</sup>

The number of fishermen employed was, in the year 1905–06—for the summer, 16,729; for the winter, 14,797,

<sup>1</sup> "Statesman's Year-Book," 1908, p. 753.

<sup>2</sup> "Encyclopædia Britannica," vol. xxvi.; "Statesman's Year-Book," 1908, p. 752; Foreign Office Reports, No. 2,857.

<sup>3</sup> Foreign Office Reports, "Trieste," No. 3,550.

<sup>4</sup> *Ibid.*, No. 3,233, 1904, p. 14.

an increase in each case of about 1,000 over the corresponding figures for the year 1900-01.<sup>1</sup> )

### 5. CHARACTERISTICS AND DEFECTS OF THE PRESENT SYSTEM.

The chief characteristic of the present system is its evolutionary nature. The middle-sized holding is in danger of absorption on the one side by small allotments, and on the other by *Latifundien*, or large properties. On the one hand there is a reversion to old methods, due to the unnatural state of the labour market ; on the other hand there is the consolidation of the scattered plots, the adoption of the latest machinery and the most scientific methods, while, again, specialization in farming, which has been described by Dr. Rauchsberg as the future of agriculture, is now attempted.

The least hopeful sign of the present agricultural movement is the great increase in the number and size of the large properties. Except in the case of woodland, the land would be much more productive if broken up into small holdings. Moreover, the leasing system, which has become general in Austria since 1848, is not much better. "Give a man the sure possession of a bare rock, and he will transform it into a garden ; but give him a garden on a nine years' lease, and he will turn it into a waste."<sup>2</sup>

Of recent years the State has taken up agricultural questions with much energy. Soil improvement and technical education have received ever-increasing grants, and larger sums have been voted to scientific experimental institutions.<sup>3</sup>

In 1903 the price of cattle salt (*Viehsaltz*) was reduced by ordinance from 10 to 6 crowns per quintal (*i.e.*, hundred-

<sup>1</sup> "Statesman's Year-Book," 1907, p. 720, and 1908, p. 754.

<sup>2</sup> Lopuszanski, "Die Volkswirtschaft Oesterreichs in den Jahren, 1900 bis 1904," pp. 7, 10 ; Gunther, pp. 27-29, 33-39, 53 ; "Die Besitzzenden und die Besitzlosen in Oesterreich," Max Marse, pp. 37, 38 ; Teifen, p. 57 ; Labour Report, p. 74 ; "Soziale Verwaltung," pp. 103-107, Becker, "Die Agrarischen Operationen."

<sup>3</sup> See Lopuszanski, p. 11.

weight), and the Railway Department ordered tariff concessions for artificial manure and raw materials for the manufacture of that product. Finally, in conformity with the urgent demands of agriculturists, legal regulations have been issued to prevent the lowering of the price of corn by exchange manipulations and time bargains (*Terminhandel*).<sup>1</sup>

Further, thanks to assistance from the provincial Government and the State, much has been done in recent years for the regulation of rivers and embankment against flood, as well as for irrigation. In 1869 and 1884 laws were passed making provision for drainage, irrigation, and protection against floods, and in 1896 a law was passed facilitating loans for soil improvements. These efforts have met with considerable results, shown by increased production, not only in Galicia, but in such highly cultivated lands as Lower Austria and Bohemia. The Government has also devoted much care and money to the development of technical education. At the instigation of the Koerber Cabinet (1900-04) large sums were voted, and agricultural instruction was reorganized, or rather organized, in all its branches, so that in 1904-05 there were in all 184 agricultural and forestry schools. In the education of the people and the proper cultivation of the soil Günther sees the best hopes of improved social conditions for the agriculturists.<sup>2</sup>

A characteristic feature of modern agricultural life is exhibited by the associative movement, which has been so largely developed in the last fifty years.

The first form of co-operation—the loan societies—began to appear between 1850 and 1860, chiefly in Bohemia and among the German section of the population; but the other countries and nationalities of the Empire soon recognized the benefits of association, and by 1860 the movement had spread in various forms throughout Austria.

<sup>1</sup> See Lopuszanski, p. 12.

<sup>2</sup> Max Marse, p. 57; Lopuszanski, p. 1; "Statesman's Year-Book," 1908, p. 748.

A form of co-operative societies peculiar to Bohemia, Moravia, and Silesia, was that of the joint deposit banks, which developed out of the joint storehouses for grain (*Kontributions getreide Schüttböden*). These institutions were afterwards subject to special legislation, but have little in common with the more modern co-operative development. Co-operative principles were only introduced into Galicia in 1869, but they soon made rapid progress. By 1887 the Lemberg Union included 185 loan societies, 6 distributive societies, 16 societies for providing raw materials, and 12 productive societies.

The first special legal enactment with regard to co-operative societies in Austria was passed in 1873. More than half the whole number of Austrian co-operative associations are credit societies, and of these the two principal varieties are those formed on the model of the German associations founded by Schulze Delitzsch and Raffeisen respectively.

The Schulze Delitzsch societies admit workmen in all industries, granting credit for a term not exceeding three months, except in rare cases; while the Raffeisen societies are only intended for the benefit of agriculturists, and require some guarantee of good moral character as well as of financial solvency. The societies do not oblige their members to become shareholders by the payment of regular contributions, and they are partially dependent, as a rule, upon State assistance and upon advances made to them by the savings banks.

Although the Raffeisen societies give credit up to ten years, they reserve to themselves the right of calling in the loans at any time at four weeks' notice, and hence the borrowers are deprived of the full advantage of the longer credit. The basis of the Raffeisen societies is self-help and the help of others, *Christliche Nächstenliebe*. Moreover, the society is able to have personal knowledge of its members, as the sphere of each union is limited to one commune or one diocese. In spite



of the recognized usefulness of the loan societies, the Government has given but slight assistance; nevertheless, these associations have very greatly developed all over Austria in the last thirty years.<sup>1</sup>

Perhaps one of the principal needs of Austrian agriculture at the present time is the further development of this movement; therein is involved the necessity of satisfying legitimate demands for credit, the desirability of differentiating between credit to be given on property or its acquisition—which should be long—and that given for use in business—which should be short—want of better organization of the people and better education of the people, and the strengthening of their financial position. In fact, the development of the economic man is the foundation of the good citizen, and is one of the best means for making the new electors understand their duties—of which they hear little—as well as their rights—of which they hear much from political and social agitators. “The fact that sharp stones lie on the road should not hinder us from proceeding along it.” Akin to the credit associations, and almost equally laudable, are the supply associations, or *Consumvereine*, the object of which is to provide members with the necessaries of life, of good quality and quantity, at moderate prices; these societies have also greatly increased all over Austria.<sup>2</sup>

Besides numerous agricultural associations, there are special associations, such as forest, hunting, and bird protection societies, with a membership (in 1898) of 22,000; in addition, there are garden and fruit societies, horse-breeding, cattle-rearing, and many other similar associations. The common aim of all these bodies is the spread of scientific methods of agriculture, while by the instrumentality of the co-operative societies agricul-

<sup>1</sup> Royal Commission on Labour Report, p. 126; “Soziale Verwaltung,” Wrabetz, “Die Erwerbs und Wirthschafts genossenschaften in Oesterreich,” pp. 25-32.

<sup>2</sup> “Soziale Verwaltung,” Wrabetz, “Die Erwerbs und Wirthschafts genossenschaften in Oesterreich,” pp. 44-46; Knarek, “Entwicklung der Consumvereine in Oesterreich,” pp. 69-82; Grabmayr, pp. 10-13.

tural machinery, manures, seeds, and other necessities of intensive production, are purchased, on good terms, and, in the case of machines, are used in common by the members.<sup>1</sup> In connection with the credit associations, reference must be made to the burning question of land indebtedness, upon which, according to Grabmayr, depends to no small extent the future of agriculture.

Since the introduction of the present system of organization of landed property, and in particular of the institution of the free alienation and subdivision (*Freitheilbarkeit*) in the sixties, not only have transfers of land largely increased, but the peasant indebtedness has assumed such alarming proportions that the existence of the agricultural middle classes is seriously menaced. In view of this, both economists and legislators have given most earnest attention to the problem of peasant indebtedness in recent years. According to Grabmayr, this indebtedness is almost entirely connected with middle-sized and small holdings, and the agrarian question is, therefore, a yeomanry question (*Bauernfrage*).<sup>2</sup> As the result of an exhaustive consideration, Grabmayr arrives at two negative conclusions—namely, that neither the misuse of mortgage for management loans nor the thriftlessly heavy mortgage can be prevented by legal enactments. Although it is desirable, and even essential, that management debts should be repaid out of the fruits of good management, and not be a permanent burden, yet the result cannot be secured by law, but rather by Hattenberg's remedy—better education. Further, it is, in Grabmayr's opinion, not feasible to limit personal indebtedness legally, as much depends on business capacity, and even on temperament. Thus, one man can bear a heavy debt with equanimity, while another would sink under a much smaller burden. A limitation of indebtedness, if effective, would be dangerous—if safe, ineffective. The advantages of such

<sup>1</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. iii., p. 454-5.

<sup>2</sup> Grabmayr, pp. 40, 41; also "Oest. Staatswörterbuch," vol. i., p. 86.

a restriction would be outweighed by the disadvantages. The only way in which a voluntary limit (*Verschuldungs-grenze*) could be made would be by offering some financial advantage; the State, for example, might start a fund, stipulating that all who took advantage thereof should keep within a fixed limit of indebtedness. The price to be paid would not, however, be justified by the advantages gained.

The plan of converting the peasant properties into inviolable family estates appears to Grabmayr unfeasible, on economic, social, and ethical grounds. The artificial maintenance of the feckless yeoman in the possession of his property by means of a so-called Homestead Bill, is strongly to be deprecated, because "neither for the peasantry nor for economic conditions generally is it a gain that the drunkard, the spendthrift, the incompetent, should be protected from any possibility of losing his farm." The survival of the fittest is an immutable law from which the agriculturist is no more exempt than the members of any other calling. The reform which Grabmayr advocates as the best remedy for existing evils is the conversion of that peculiarly dangerous and thriftless form of mortgage, the second mortgage at call (*Kundbare Nachhypothek*), by which the peasant is doubly living on his capital, into an annuity debt, not subject to foreclosure. The indebtedness of peasant land should be in the form of long-term annuities, at a low interest, not subject to call.<sup>1</sup>

Until the reign of Joseph II. the guild regulations appear to have obtained in the Austrian products trade. Corn, cattle, and wood had to be brought to a public market for sale, and the forestaller or pre-emptor was subject to arrest.

During the nineteenth century the system of a modern corn exchange was gradually developed. In the thirties the corn trade had its headquarters at the Flour-pit in a coffee-house on the New Market

<sup>1</sup> Grabmayr, "Das Landwirthschaftliche Kreditproblem," pp. 1, 7-14, 17, 25, 26, 27, 32, 34-36, 37, 40, 41, 44, 45-49, 66-71, 46.

at Vienna, but gradually the Saturday conference became of sufficient importance to require better organization, and police were posted at the meetings to enforce order. In 1842 the corn trade removed to a semi-official meeting-place, a *Wilde Börse*, or bucket-shop. After the revolution of 1848, and during the subsequent outburst of commercial activity, which reached its height in the sixties, the need of an exchange was even more felt. In 1852 a regular exchange was formed; in 1853 it was municipalized, and the Viennese fruit and flour market was founded. In 1860 legal power was given for the foundation of products exchanges in capital towns and other important commercial centres where there was a chamber of commerce, on the proposal and with the consent of the chamber. Provisions were made for the management of the exchange and the technical examination of the brokers. In 1869 the exchange was reorganized, and an autonomous body constituted.

Although hampered for many years by the want of adequate premises, the exchange was able to exercise a most beneficial effect upon the conduct of business. Not only did the exchange court of arbitration settle in a few days, and at a minimum of expense, questions which formerly required as many weeks or months, but also, by the annual publication of carefully collected data with regard to the results of grain production, Vienna became the principal authority on the position of the European corn trade.<sup>1</sup> The law of 1875 extended the autonomy of the exchange, and finally, in 1890, suitable premises were obtained, and the fruit and flour exchange became the exchange for agricultural products. The last decade or so have been termed the years of battle (*Kampfjahre*), because the exchange has had to cope with the jealous rivalry of other branches of Austrian national economy.<sup>2</sup> The chief

<sup>1</sup> Treibl., "Die Wiener Produktenbörse," pp. 2, 3, 6, 8, 13, 14, 18-21, 39-41, 49.

<sup>2</sup> Treibl., pp. 53-55, 57, 58-60, 63, 64.

events of recent years have been the inquiry with regard to the exchange tax law and the terminal corn trade (time bargains); further, the passing of the new code of civil procedure, which complicates exchange arbitrations; and last, but not least, the law of 1903, reorganizing the exchange. This last enactment culminates in the prohibition of time bargains, and in the provision made for the participation of those who are professionally interested in agriculture in the management of the exchange.

Time bargains (*Terminhandel*) are a special form of commercial contract which, owing to their uniform terms, simplify the process of liquidation. The abuse of this form of contract by speculators made it necessary for the Government to accede to the clamorous demands of the agrarians, and abolish it as far as corn and meal are concerned, though the inquiry did not establish the alleged detrimental effect of time bargains. With regard to the management of the exchange, not only does the law provide that all the managers must be Austrian citizens, but also that with the representation of the interests of agriculture there should be combined a representation of those of industry and commerce. In fact, provision is made for the intelligent co-operation of all concerned. Exchanges have been founded for different trades not only in Vienna, but also at Prague, Trieste, Linz, Graz, Czernowitz, and Aussig.<sup>1</sup>

## 6. AGRICULTURAL LEGISLATION AND ADMINISTRATION.

The Ministry of Agriculture is now (1908), on the one hand, the supreme central authority for all that relates to agriculture, forestry, and mining, the cultivation of grain, stock-farming, veterinary questions (since 1906), State educational and experimental institutes, schools of mining, boards of mines, and, lastly, State

<sup>1</sup> Treibl, "Die Wiener Produktenbörse," pp. 63, 64, 66, 67; Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., pp. 613, 614, 619, 620, 621.

horse-breeding; and, on the other hand, the supreme administrative board for the State domains, forests, and mines.<sup>1</sup>

The most important legislative enactment in the history of the land system was that passed in 1848, abolishing the feudal burdens upon land, and practically transforming the small peasant farmers into independent proprietors.<sup>2</sup> The next great enactment was that of 1860, introducing the free alienation of land, and thereby inaugurating what has been termed the Liberal capitalist land system.

The result of these two laws of 1848 and 1869 has been to accelerate the breaking up of the landed properties, and especially of those of the yeomen, and to diminish the number of the landless labourers. Sixteen per cent. of the landless agricultural labourers had acquired small holdings by 1888, and the multiplication of small properties has gone steadily forward ever since. The benefits of this minute subdivision are an open question. In fact, the rise of a poverty-stricken, indebted proletariat of small proprietors is one of the reasons which drove the Government into the reactionary legislation of 1903, whereby the power of alienation is limited, and the Act of 1860 is to some extent neutralized.

As regards communal land, the legislation of the last sixty years has been marked by failure. The laws of 1849 and of the sixties attempted to regulate the unwieldy village communities, creating a new territorial community with a communal organ chosen from all those belonging to the commune and from the peasants only.

The *Gemeindeordnung* of 1860, in laying down that the rights of the usufructuaries were to follow the undisputed custom which obtained up to that date, has led to endless disputes; for it is almost impossible to

<sup>1</sup> "Oest. Staatswörterbuch," vol. iii., pp. 630-632.

<sup>2</sup> Royal Commission on Labour Report, p. 72.

discover what the rights really were at that time, as the only witnesses are cotters and peasants, who are personally interested. Further, the legislation passed with a view to reforming the organization of the communal property has had but a limited success. In 1877 an Act was passed for the consolidation of the plots, but special provincial enactments were necessary to carry this out. The result was that in 1901 only 1½ per cent. of the area requiring consolidation had been dealt with. What is required is a complete inventory of the communal property, and a thorough survey of the communal usufructuary rights, and specification of their "undisputed exercise." The legislation must be made effective, and extend to the whole of Austria. The procedure must be rendered more speedy and less expensive, and must be entrusted to competent officials instead of being left to the parties interested.

The worst feature of the land system at present is to be found in the scattered plots, which, as has been seen, entail difficulty in management, expense, and loss of time, besides endless disputes.<sup>1</sup> "Consolidation" and "rounding off" laws, in so far as they have been carried out, have met with excellent results, but the question for the future is how to hasten the good works.<sup>2</sup>

A system of registration (*Kataster*) for private property in land has long existed in Austria; in fact, the present *Grundbuch*, or land register, is the lineal descendant of the land rolls (*Landtafel*) which existed in Bohemia and Moravia in the thirteenth century, and which prevailed in other provinces in different forms. Of recent years the whole system of land registration has been reorganized. All the particulars of private property are now recorded in the *Haupt Grundbuch*, so that the limits of the property, conditions of owner-

<sup>1</sup> Royal Commission on Labour Report, p. 74; Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., pp. 75-77, 81-84, 89-91.

<sup>2</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., pp. 84, 86, 89-91.

ship, etc., are visible at a glance, thus facilitating the transfer of land, and obviating the difficulties and expense of proving the title thereto. This excellent organization does not, however, extend to State or communal property, except in the Tirol and Vorarlberg.<sup>1</sup>

<sup>1</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. iii., pp. 19, 20, and vol. ii., pp. 581-584.



## CHAPTER III

### AUSTRIAN INDUSTRY

1. HISTORICAL SKETCH AND STATISTICS: Production—Export—Industrial Population—Nationalities—Vital Statistics.
2. POLITICAL RIGHTS OF LABOURERS: Development of Labour Laws—Socialism in Austria.
3. ORGANIZATION OF INDUSTRY: Associations of Employers and Employed—Guilds—Cartels—Rings—Trade Unions—Chambers of Commerce—Labour Congresses and Press.
4. CONDITIONS OF LABOUR, WAGES, HOURS: Strikes—Industrial Court—Arbitration and Conciliation.
5. SPECIAL INDUSTRIES: Mining—Iron—Engineering—Petroleum.
6. TRANSPORT AND MISCELLANEOUS INDUSTRIES: Railways—Tramways—Shipping—Textiles—Clothing—Baking—Paper—Pottery—Glass—Printing—Building—Home Industries—Handwork—Women.
7. STANDARD OF COMFORT: Housing, Food, Budget—Co-operation—Post-Office Savings Banks—Poor Law—Education.
8. ADMINISTRATION OF LABOUR LAWS, INSPECTION, INSURANCE.
9. SOCIAL POLICY OF GOVERNMENT: Labour Department—Labour Chambers—State as Employer—Monopolies—Employment Agencies.

#### 1. HISTORICAL SKETCH AND STATISTICS.

FEW European countries are endowed more richly and more variously with natural resources than Austria. No less than 98 per cent. of the land in Austria is estimated as productive, and the mineral wealth of the country, which comprises almost every product employed in manufacture or industry, from gold to coal, is said to be "practically inexhaustible." Although Austria possesses some of the most important factors for industrial development, Austrian industry was all but stifled until the second half of the nineteenth century by the oppression of the guild system and the antiquated industrial code.<sup>1</sup> Magenta and Solferino led to the

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," p. 205; Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. ii., pp. 464-467.

downfall of the absolutist régime; and a few years later, at the Peace of Prague in 1866, Austria was practically ousted from Germany. It had required these great events to draw the laggard attention of the Government to internal development and reform, but industrial freedom once established, progress was rapid.

The first years of the new era in the sphere of industry were marked by the outburst of speculation, which was followed by the inevitable crash which took place in 1873. The infant industry of Austria took some time to recover from the crisis, but the paralyzing effect of the panic passed, and industry made rapid strides.<sup>1</sup> The development of the railway system, due to Government support and activity, the growth of shipping and other means of communication, technical improvements, the formation of industrial unions and museums, and the admirable system of technical education, all contributed to the industrial advance.

The least encouraging feature of the new outlook in the early nineties was the decline of the small industries, and to arrest this process the Department for the Promotion of Trade was called into being. "Masters' courses were started in the various trades for the better education of mechanics, and the purchase and use of small machines and tools was facilitated by the Government, with very satisfactory results."<sup>2</sup> Extensive Government grants, the spread of knowledge by exhibitions, and by the visits of technical instructors, who advise on industrial questions gratis, further testify to the Government interest in the economic welfare of the people and the advance of industry in general. To-day Austria is beginning to be regarded more and more as an industrial State. In addition to her great agricultural industry, she has in the last few decades developed her trade. Dr. Rauchberg goes so far as to say, in the

<sup>1</sup> Waentig, "Gewerbliche Mittelstandspolitik," pp. 71, 78, 79.

<sup>2</sup> Foreign Office Reports, No. 3,343, Annual Series, "Austro-Hungarian Finance, 1900-1904," p. 31; Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. ii., pp. 533, 534.

*Neue Freie Presse*, that agriculture has lost and industry has gained, in many respects, the leading rôle.<sup>1</sup>

The unprecedented industrial activity of the later nineties, and especially of the years 1895-1899, were followed by a general depression. This depression has been traced to the eight weeks' strike which took place in the first days of 1900 in the North Bohemian coal districts. Coal, "the bread of industry," became scarce and rose rapidly in price. The enormously enhanced cost affected every branch of trade, and some glass-works were forced to stop on this account. The disturbance of the coal market continued long after the cessation of the strike, and it was only in the autumn of 1900 that the situation improved. Although in point of time the industrial depression may be traced to the Bohemian strike of 1900, there were questions of political and international importance which gravely affected Austrian industry. The uncertainty of the commercial situation, owing to the unsettled state of Austria's relations with Hungary, frightened capital out of the country and checked enterprise, while the veritable crisis in Germany, resulting in bank and industrial failures, led to the dumping of German goods. Germany, on the other hand, was unable to import as largely as usual. Thus Austria, struggling under her cycle of depression and her political difficulties, had further to bear the strain of the fiercest competition from its most important neighbour and customer.

In addition to these extraneous causes, there were further particular causes affecting some of the most important branches of Austrian industry which had aggravated the depression.<sup>2</sup> Thus Austrian iron, machinery, wood, and their auxiliary industries, suffered severely from the sudden decline in the iron market in the United States, and the echoing panic in Germany.

<sup>1</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. ii., pp. 534, 535; *Neue Freie Presse*, January 14, 1905.

<sup>2</sup> Max Marse, "L'Autriche à l'Aube du XX<sup>e</sup> Siècle," pp. 58, 59; Lopuszanski, "Die Volkswirtschaft Oesterreichs in den Jahren 1900 bis 1904," pp. 13-15.

The woollen industry was affected by over-speculation on the international market; the petroleum industry sustained a grave injury by the rupture of the cartel, or ring—an event which occasioned a positive débâcle in prices: a fall of nearly 50 per cent. Again, the urban building industries experienced a decline, attributed to the provisions of the Amending Act of August 16, 1899, which raised the taxes as to transfers (*Übertragungsgebühren*). Lastly, the all-important sugar industry of Austria was greatly depressed by the decisions of the Brussels Conference, which completely altered the conditions of price and revolutionized the old organization. So important, indeed, is the sugar trade that such alien industries as those of metal suffered from the shrinkage in sugar production owing to the notable decrease in the plant and fuel required.

At the crucial moment, when the depression seemed likely to culminate in an industrial crisis, Dr. von Koerber, the President of the Council of Ministers, brought in his famous "Investitions Programm," which was adopted by the law of June 6, 1901, for the period from 1901-1905. This programme comprises an elaborate scheme of public works. It provides for the improvement and development of the railway system, the enlarging of the railway stations, the installation of electrical works, the increase of rolling-stock, and, in addition, the creation of a network of navigable waterways and canals. All these public works have been of incalculable benefit to industry, and have secured for it a profitable activity for some years.<sup>1</sup>

By the "mighty support" afforded to Austrian industry in its struggle for existence by the Koerber programme, by the economies of the Austrian captains of industry in the reduction of their establishments and the diminishing cost of production (20 per cent. in the case of the Alpine Mining Company, 10 per cent. in the case of the Prague Iron Company), by the formation

<sup>1</sup> Lopuszanski, pp. 15, 16; Max Marse, pp. 59, 61, 62; Foreign Office Reports, No. 3,343, "Austro-Hungarian Finance, 1900-1904," pp. 35, 36.

of rings (such as the cement ring, the iron ring, the sugar refinery ring), the cheapness of money, and the excellent harvests during the years of depression, Austria was able to avoid any great industrial failures, and to pass safely through the critical years. Thus, when a general recovery began in Europe in 1908, Austrian industry was ready to follow in the revival without loss of time—a fact which testifies not only to the excellence of the policy of Dr. von Koerber, but also to the solidity of the basis upon which Austrian industry rests, and which was built up in the previous years of prosperity.<sup>1</sup>

The following table shows some of the main items of expenditure on public works in recent years :

Object.	In Million Crowns.			
	1901.	1902.	1903.	1904.
New buildings in all states (Neubauten aller Etats) ... ..	17.59	12.23	12.98	13.02
Roadway construction (Strassenbauten) ... ..	16.15	16.40	16.64	16.72
Water works (Wasserbauten) ... ..	11.12	9.81	10.49	10.97
Enlarging of the warehouse buildings in Trieste ... ..	0.52	0.35	0.56	0.41
Extension of the harbour works in Trieste ... ..	1.00	0.70	1.00	1.00
Erection of telegraphs and pneumatic post lines ... ..	0.56	0.56	0.61	0.55
Erection of State telephone lines ... ..	1.80	1.80	1.80	1.80
Total ... ..	48.74	41.85	44.08	44.47 <sup>2</sup>

As we have seen, Austrian industry was in an embryo state until the nineteenth century. Charles VI. (1685-1740) was the first monarch to inaugurate a commercial policy by the establishment of the free ports of Trieste and Fiume, but it was only in 1848, with the levelling of the Customs barriers between

<sup>1</sup> Lopuszanski, pp. 15, 22-25 ; Foreign Office Reports, No. 3,343, " Austro-Hungarian Finance, 1900-1904," pp. 35-37.

<sup>2</sup> Lopuszanski, " Die Volkswirtschaft Oesterreichs in den Jahren 1900 bis 1904," p. 18.

Austria and Hungary, that a new era in internal production began. The next twenty years were marked by the growth of the principle of free trade, which found its culminating point in the commercial treaties concluded by Austria with Germany and England in 1868 and 1869 respectively. The economic crisis of 1873 necessitated an increase of protective duties, and various treaties which expired were not renewed. In 1891 Austria entered into fresh negotiations with foreign countries, and several commercial treaties were concluded; in 1903 the protective policy was further endorsed by a fresh augmentation of the protective tariffs. The effect of the German treaty had been to stimulate trade in Austria.

Till about 1860 Austria imported more than she exported, but by the year 1866 her exports had risen to, roughly, 60·2 per cent. of her whole foreign trade, while her imports had fallen to 39·8 per cent. Competition and less favourable treaties subsequently affected her trade. The figures for 1904, however, showed an improvement. The total export of the monarchy in that year was 1,900,000,000 crowns, the total import 1,700,000,000 crowns.<sup>1</sup> The purchasing power of the Austrian population has risen greatly, despite the emigration, and Austria is now obliged to import agricultural products not only from Hungary, but also from outside the Customs Union. A further sign of Austria's prosperity is given by the constant increase in the coal consumption of Austria-Hungary in recent years. As regards this consumption, Austria-Hungary now stands seventh among European nations, with 18,421,000 tons in 1904, rising to 19,314,000 tons in 1905 and 21,181,000 tons in 1908.<sup>2</sup>

The prosperity of industrial enterprise in Austria has attracted to it an ever-increasing proportion of the population. Each succeeding census since 1869 has

<sup>1</sup> Royal Commission on Labour Report, pp. 11, 12; Max Marse, pp. 33, 34; Lopuszanski, p. 7.

<sup>2</sup> Lopuszanski, p. 7; *Board of Trade Journal*, December 5, 1907.

illustrated this process. In 1869, 19·7 per cent. of the actively employed population were engaged in industry ; in 1890, 21·2 per cent. were so employed ; and in 1900 the proportion had risen to 22·3 per cent. In fact, in the last decade of the nineteenth century, practically the whole increase of the population was absorbed by commerce and industry. The tendency for the industrial districts of the Empire is to become more and more industrial, while the districts in which there is little industry become increasingly agrarian. But the regions in which industry is gaining ground are the most advanced and important in the Empire—Bohemia, Silesia, Moravia, Lower Austria, and Vorarlberg.

The different nationalities are represented in very varying proportion in the industries of Austria. The Germans take the leading part, forming more than 50 per cent. of the industrial population, though they comprise only 35 per cent. of the total population. In Bohemia, 28 per cent. of the Germans are engaged in agriculture, and 61 per cent. in industry, trade, and commerce ; on the other hand, 41 per cent. of the Czechs are engaged in agriculture, and 47 per cent. in industry, trade, or commerce.<sup>1</sup>

From the statistics it would appear that the industrial population has the advantage of medical assistance and proper care during sickness to a much greater extent than the agricultural population. In Lower Austria, in 1903, there were 9·43 doctors to every 10,000 inhabitants, 5·93 in Tirol and Vorarlberg, 4·46 in Bohemia, but only 1·81 in Galicia. Again, the number of midwives to 10,000 inhabitants was 11·46 in Tirol and Vorarlberg, 9·40 in Bohemia, 8·92 in Lower Austria, but 2·99 in Galicia.

Although the birth-rate in industrial regions is high, the death-rate is also high, and industrialists too frequently work under insanitary conditions. In spite of Factory Acts, overcrowding, bad food, and bad housing, are common evils. Illness is rife, especially among

<sup>1</sup> *Neue Freie Presse*, January 14, 1905.

textile workers; dust and lead-poisoning undermine their constitutions, and lung diseases are specially prevalent.<sup>1</sup>

## 2. POLITICAL RIGHTS OF LABOURERS.

Until the last decade of the nineteenth century the Austrian working classes were in an inferior position as regards political rights to their peers in the advanced European countries. The concessions granted in 1848 were subsequently retracted, and later modification of the constitution only tended to give prominence to the ancient principle of representation by estates, as opposed to the idea of manhood suffrage, while the property qualification practically excluded the working classes from a share in political life.

In the nineties it was estimated that more than two-thirds of the population of Austria were unrepresented in the Reichsrath. In France, at the same date, 27·1 per cent. of the population were represented; in Germany, 21 per cent.; in England, 16·3 per cent.; but in Austria only 7·2 per cent. were represented. Again, until 1867 there was no serious recognition of the rights of labour. In that year the right of combination and public meeting under certain restrictions was acknowledged by law, and in 1870 the prohibition of the right of combination for the purpose of influencing wages and the conditions of labour was removed. In 1871 the system of primary education was remodelled, and "from that date onwards," says Dr. Baernreither, "the Austrian proletariat has slowly, if steadily, advanced in organization and political importance, and has gradually come to realize its own power, and the possibilities which are open to it of making that power felt."<sup>2</sup>

Until the great Act of 1906, all schemes of electoral

<sup>1</sup> "Soziale Verwaltung," "Pflege Kranker in Anstalten," p. 15; "Statistik des Sanitätspersonales," p. 21; "Oesterreichisches Statistisches Handbuch," 1905, p. 47; Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," pp. 172, 173.

<sup>2</sup> Royal Commission on Labour Report, pp. 19, 20.



reform had proceeded on lines of "irresolute and half-hearted compromise," resulting in anomalies and contradictions. The piecemeal revisions aimed always at preserving special privileges for the classes which had predominated under the old régime. Thus, to the four curiæ into which the voters were divided was added, in 1896, a fifth, elected by universal suffrage. The result was that in Curia A (great landowners) 5,481 voters elected 85 deputies, and in Curia C (chambers of commerce) 556 voters elected 21 deputies; while in Curia B 498,804 industrialists elected 118 deputies, in Curia D 1,585,466 agriculturists elected 129 deputies, while in Curia E 5,004,222 voters elected 72 deputies. No pretence at uniformity existed, and it depended upon the curia and the province whether a man recorded his vote orally or by ballot, directly or through deputed voters.<sup>1</sup>

The universal franchise law of December, 1906, brought social democracy, in the words of Baron Beck (June 27, 1907), "from the twilight of the fifth curia into the broad daylight of Parliamentary equality." The 1906 Act gave direct manhood suffrage for all over twenty-four years of age. In May, 1907, the General Election brought an overwhelming victory to Austrian socialism. The new house, according to the Premier, Baron Beck, was likely to suffer from the maladies of infancy, but these would not disprove the value of the franchise reform. As far as the programme of the socialists goes, the new rulers show statesmanlike capacity—for instance, in insisting upon the creation of national autonomies as a basis for lasting racial peace.

The only real injustice inflicted by the new law was the undue preponderance given in Galicia to the Poles over the Ruthenes. Elsewhere, and particularly in Bohemia and Moravia, the claims of rival nationalities were fairly dealt with. Of course, prophets of evil were not wanting who suggested that in future the external power of the monarchy would not be main-

<sup>1</sup> *Spectator*, December 29, 1906.

tained, and there is no doubt that the two dominant castes of the priesthood and feudalism, which ruled, on the whole, successfully for so many centuries, have received a severe, and perhaps a mortal, blow.<sup>1</sup>

The reforms with regard to combination and public meeting passed in 1867 were followed by a general demand for a reform of the industrial law of 1859. But although Bills were introduced in 1870 and 1874, there was no new legislation till 1888, when a supplementary industrial law was passed, accompanied by the introduction of an industrial Inspectorate. The law of 1888 remained, however, to a great extent a dead letter.

The public, thanks to writers like Max Wirth, entertained an absurdly rosy view of the conditions of labour, which was the chief deterrent to the efficacious working of labour protection. Public illusions were, however, rudely shaken by the Parliamentary inquiry undertaken in 1888, and by the statistics as to wages and conditions of labour privately collected by Vogelsang.<sup>2</sup> At last, in 1885, a real, effective, modern labour legislation was commenced, and between that year and 1898 a series of excellent labour laws and ordinances for the protection of labour were promulgated.<sup>3</sup> All workers, irrespective of age and sex, in factories, all apprentices and persons employed in work auxiliary to industry, commercial employés, labourers, coachmen, waiters, were included in these enactments. The higher personnel, and agricultural labourers, miners, seamen, fishermen, and railway employés, were not affected. By the law of 1902, however, the eleven-hours day and the regulations protecting children and young persons were made applicable to labourers in railway construction and other large undertakings.

Under the industrial code as it now stands, children under twelve years and women during four weeks after their confinement may not be regularly employed.

<sup>1</sup> *Spectator*, December 29, 1906; *Times*, Vienna, June 27, 1907; *Spectator*, May 25, 1907.

<sup>2</sup> Waentig, "Gewerbliche Mittelstandspolitik," pp. 127, 128.

<sup>3</sup> Max Marse, "L'Autriche à l'Aube du XX<sup>e</sup> Siècle," pp. 129, 130.

Children from twelve to fourteen years of age may be employed during the daytime only, and for eight hours as the maximum. Night-work for young persons under sixteen is not allowed except by special Ministerial authorization. In factories children under fourteen may not be regularly employed, and from fourteen to sixteen only in light work not injurious to their physical development. Similar restrictions exist as to employment in mines, where the interval after confinement for women's work is six weeks, unless special authority is obtained. The maximum working day is eleven hours in factories and nine hours in coal-mines. Workers labouring on Sundays must have a corresponding rest, and freedom to attend Mass must be given at least once a fortnight. Wages must be paid weekly, and in cash. There are some exceptions to this rule—for instance, in the case of lodging, firing, medical attendance, and food, which must be charged for at cost price.

The *Arbeitsbuch*, or workman's certificate, containing personal particulars, must be provided on engagement. This institution was introduced in 1859, and, though opposed by some as disadvantageous to the workman, has been extended to new categories of workers—for instance, in 1885, to industrial assistants, including day-workers and young persons. In addition to the *Arbeitsbuch*, a list of workers must be kept; and in all undertakings employing over twenty persons a log-book, with details, *inter alia*, as to the working day, the duties of foremen, the payment of wages, the treatment of the sick and injured, fines, and dismissals, is obligatory.<sup>1</sup>

The arrangements for the protection of the life and health of the workers have to be provided by the employer. Conditions of labour in workrooms must be hygienic, and machinery must be fenced. These reforms were extended by the law of 1902 to those employed in connection with railways.

<sup>1</sup> Max Marse, pp. 129, 130, 133-135; Mischler and Ulbrich, vol. i., pp. 151, 152, 154, 157, 158.

In addition to these laws regulating the conditions of labour, a whole series of enactments have been passed affecting the position of the labourer, and among them the laws with regard to insurance against sickness and accident, and the Acts with regard to housing and inspection.<sup>1</sup> But it must not be forgotten that the equality of the two parties to the labour contract has not yet been secured. The employer is only liable for damages in the case of non-fulfilment of his part of the contract. The worker, on the other hand, is, in addition to damages, liable to punishment (*Straffällig*).<sup>2</sup>

Until recent years the economic structure of the Austrian monarchy offered hindrances to a labour movement in the modern sense. Not only were the rights of combination and public meeting restricted, but the people were ignorant and scattered, the land being to a great extent agricultural. We may distinguish three periods in the labour movement—the first, 1867-1878, that of the emancipation; the second, 1879-1888, that of internal consolidation; and, finally, the third, 1889-1899, that of external organization.

The labour movement may be said to have commenced at the end of 1867 with the establishment of the Viennese Working Men's Mutual Improvement Society. The example of the Viennese society, which started a sick fund for its members, was largely followed, but Galicia held aloof, while the Tirol and the Southern Provinces were hardly stirred. In 1868 a Labour Conference was held, at which an agitation committee was selected, though the latter was suppressed at the end of 1868. The movement met with further opposition from the Government in 1869 and 1870, but the socialist activity continued, nothing daunted. In 1871 the appointment of Schäffle, a social democrat, as Minister seemed to bring brighter prospects, but the socialist hopes were disappointed. In 1872 the socialist

<sup>1</sup> For further details of labour laws, see Labour Report, pp. 115-125.

<sup>2</sup> Max Marse, p. 135; Mischler and Ulbrich, vol. i., pp. 162, 163, 170, 171; Waentig, p. 132.

party was divided for the first time into two camps—that of the Radicals, which made common cause with the clericals, and that of the Moderates, which supported the German Liberals.<sup>1</sup>

In 1875 the followers of Marx and Lassalle were reconciled, and a similar good understanding was also reached by the contending sections of the Austrian labour party, which was always much influenced by the German socialist movement. The friendship did not, however, long continue, and after the passing of the German socialist law in 1878 anarchical tendencies developed, the Moderates being ridiculed as *Revolutionäre im Schlafrocke*. Agitation in words and writings was soon followed by the propaganda of deeds. The assassination of unpopular officials in 1882 and 1884 brought down the vengeance of the Government: anarchist newspapers were suppressed, societies were dissolved, and agitators were banished from the disturbed districts. The *Volksfreund*, which appeared at Brünn, alone continued. Nevertheless, as the laws of 1885 show, the needs of the working classes began to receive more consideration. The socialist movement made steady progress from 1886, until at the end of 1888 it entered on a new phase of development with the reconciliation of the two opposing factions at the congress at Hainfeld.

The aim of the socialists, as expressed at the conference, was to win for the whole people, without distinction of nationality, race, or sex, freedom from the chains of economic dependence, abolition of political disqualification, and deliverance from intellectual degradation. The immediate object of the party was to organize the proletariat politically, to inspire it with the consciousness of its own mission, to render it intellectually and physically fit for action, and maintain it in that condition. The result was an immediate increase of the party and of its adherents in the press. In 1888 and 1889 there was an outbreak of strikes,

<sup>1</sup> Royal Commission on Labour Report, pp. 20, 21; Waentig, pp. 171-173.

which called forth fresh repressive measures from the Government. In 1892 the second conference of the Austrian social democrats was held at Vienna, at which women were for the first time formally represented, and their political and social rights recognized.<sup>1</sup> The socialist movement continued to increase in strength throughout the nineties, and the addition of the fifth curia in 1896 was, at any rate, partly due to the socialist agitation. The socialist programme in 1896 advocated the reform of municipal taxes, of the care of the poor, of the sanitary system, and of primary education.<sup>2</sup> The agitation continued on sound lines, and in 1907 the socialist manifesto stated that the absurd press law, the obsolete marriage law, and the penal code, called for thorough reform. The relationship of the Church to the State must be regulated, and the schools must be freed from ecclesiastical tutelage. The Austrian State must regulate its relationship to Hungary solely in accordance with the political and economic interest of the Austrian peoples. The triumph of the socialists at the General Election occasioned much astonishment, but it was well deserved, for, as the *Times* observed, their programme was "statesman-like, worthy of a growing party, and free from all doctrinaire references to the struggle of classes and the conflict between capital and labour." Compared with it, the programmes of the German Liberals were "desperately poor stuff."<sup>3</sup>

### 3. THE ORGANIZATION OF INDUSTRY.

"Every individual," says Teifen, "every class, and every people, have exactly as much privilege as power." The recognition of the truth of this dictum has led the two great industrial classes—the employers and the

<sup>1</sup> Royal Commission on Labour Report, pp. 21-23, 126; Waentig, pp. 177, 184, 185, 189, 190, 192, 194.

<sup>2</sup> Labour Report, pp. 21-23, 126; Waentig, pp. 177, 184, 185, 189, 190, 192, 194, 197-199.

<sup>3</sup> *Times*, Vienna, January 29, 1907.

employed—to organize themselves to further their own interests. In Austria we must bear in mind that, in addition to the voluntary organizations of the employers—the old associations out of which the modern cartel, or ring, has been evolved—and the voluntary organization of workers into trade unions—the “weapon of offence and defence” in the struggle between capital and labour—there exist the compulsory guilds, which are associations of employers and employed organized by the Government, and imposed upon the industrial classes from above.

The compulsory guilds are the immediate successors of the *Innungen* of the Middle Ages, and when the industrial code was passed in 1859 they were in the last stage of decay. The code enjoined all manufacturers to maintain their relations with the guilds, or to renew them if discontinued, but the guilds continued to decline. On more than one occasion their abolition was advocated, and finally, in 1883, a new system was inaugurated, but no striking advance resulted.<sup>1</sup>

The Austrian workmen have always regarded the guilds with suspicion, as a means of keeping the labourers from political agitation, though they were recognized as a *pis aller*, a makeshift, which might replace a trade union as a centre for meetings. In the fulfilment of their duties the guilds have proved wholly inefficient. Only 2·3 per cent. of all the guilds have concerned themselves at all as to the technical education of the youthful industrialists. The sick insurance for apprentices is ineffective ; the sick funds are badly administered. The question of unemployment is practically untouched, and employment can only be obtained through these organizations by bribery and flattery. “Wer schmiert der fährt.” The associations are ruled by the masters, who are often of different callings, and whose interests frequently conflict, so that there is no hope of harmonious

<sup>1</sup> Teifen, pp. 181-183 ; Steinbach, “Verbände in der Organisation der Volkswirtschaft,” p. 25 ; Labour Report, pp. 35, 38-40 ; Waentig, pp. 353-357, 370-374.

action. Again, Waentig asks, is it likely that the employers would advance the work of the arbitration committee, before which they frequently appear as the persons in fault? In a word, in so far as there is any active life of the guilds, it is neutralized by constant friction. "So leben denn Meister und Gesellen verband, so weit sie überhaupt leben, mit einander wie Katze und Hund!" Only on the ruins of the guilds can a real beneficial economic policy in the interest of small industry be built up.

Between 1839 and 1892 seventy-four voluntary associations of employers were formed, culminating, in 1892, in a central union for all Austrian manufacturers. In the last century it is noticeable that the years 1883, 1885, and 1886, which were peculiarly distinguished by the foundation of these societies, were years of depression. In the present century the years of depression have been marked by a new form of association, the trade ring—for instance, the cement ring or the iron ring.

The object of these associations has been the promotion of the interests of trade in general, as well as of special branches in particular. For instance, the Employers' Trade Association for Lower Austria aims at facilitating the disinterested co-operation of competent and experienced men in the development of national industry, arousing in the working classes an increased desire for technical education, improving taste, and developing the artistic branches of trade. This end is furthered by meetings, discussions, lectures, libraries, the publication of newspapers, etc. In passing it may be remarked that in the branches of trade in which strikes occur most frequently associations of employers are most numerous.<sup>1</sup>

The modern evolution of the old associations has been so rapid that legislation has not had time to overtake it. Boycotts, restrictions of trade, and the many forced conditions of commerce arising from these combinations, are

<sup>1</sup> Waentig, pp. 412, 433-440, 476, 477; Royal Commission on Labour Report, pp. 35-38; Lopuszanski, p. 17.



utterly unprovided for by existing legislation. So complex, indeed, are the questions to be dealt with that Professor Liefmann has advocated the constitution of a special department to deal exclusively with cartels. In Austria cartels, both of a national and of an international character, flourish and even boast of a special newspaper devoted to their interest. The cartel proper may be defined as a free contract between persons engaged in the same industry, but each remaining individually unfettered, having for its object the monopolizing of the market in the particular goods which they manufacture. The members of the ring are bound as to price and limited as to output, two particulars in which they differ from the associations from which they spring. Cartels arose in consequence of the enormous development of modern industry, the great capital invested, and the risks entailed. Labour-saving machinery led to over-production, competition became excessively keen, profits decreased, prices fell, the weaker concerns had to go to the wall, and the stronger combined in order to put a limit to this suicidal competition. Among the various rings in Austria, the sugar ring holds a foremost place, and serves to illustrate the general effect of these organizations. The object of the various contracting parties in the sugar ring was to prevent violent fluctuation in price. The ring guarantees to the manufacturers an excellent average price. As many of the manufacturers are also refiners, it facilitates the export of refined sugar, while on the other hand, it keeps the price of sugar for home consumption at a high level.<sup>1</sup>

The beginning of the labour movement and the first organization of the workers into trade unions was almost simultaneous. In 1869 the celebrated demonstrations of the Vienna operatives won for the working classes the right of combination. By 1874 a large number of unions had been founded in various trades in Vienna, and with less success in the provinces. In the eighties,

<sup>1</sup> Lopuszanski, p. 17; Yves Guyot, pp. 26, 28; *Times Engineering Supplement*, February 6, 1907.

however, trade unionism suffered, as has been seen, on account of the anarchic excesses of the labour party, and many unions were dissolved.<sup>1</sup> At the end of that decade, under the guidance of Dr. Victor Adler, the labour party began to revive, and in 1890 the formation of federations of imperial trade unions for all the members of each particular trade in the Empire was suggested.

In 1891, it appeared from a paper on Austrian trade unionism, read before the second congress of the social democratic party, that the number and membership of the unions had greatly increased. The Austrian trade unionists aimed at centralization and the spread of a network of unions in connection with the *Central-stelle*. The unions were to embrace all the workers belonging to the same trade in the district, including unskilled labourers and women. The social democrats emphatically discouraged the undue development of the benevolent element, on the ground that unions should not become mere benefit societies in the interests of a caste rather than of a class, and because they desired to use them first and foremost as fighting organizations.

In the course of the nineties special unions for women appeared, and the membership grew continuously. In 1892 there were 46,606 organized workers; in 1902, 135,178; and in 1905 there were 323,099, while in 1906 there were 448,270.<sup>2</sup> The provincial distribution of the trade unions corresponds to the number of workers and the proportion they bear to the total population of the province. They are, therefore, most numerous in Bohemia (3,124), Lower Austria (1,168), Moravia (754), Styria (421), and Galicia (308). The total number in 1900 was 6,931. The trades in which the greatest proportion of those employed are trade unionists are printers (77·75 per cent.), dock labourers (38·46 per cent.), leather workers (28·51 per cent.), hat-makers (26·49 per cent.), paper workers (26·92 per cent.), railway employés (25·44

<sup>1</sup> Royal Commission on Labour Report, pp. 40, 41.

<sup>2</sup> Labour Report, pp. 41, 42; Teifen, pp. 185, 187, 189-192; and Deutsch Geschichte der "Oest. Gewerkschaftsbewegung," pp. 318, 319.

per cent.). The percentage of trade union members to the total number of the employed in various districts is : Vienna, 20 per cent. ; Salzburg, 17 per cent. ; Styria, 13 per cent. ; Istria and Carinthia, 8 per cent. ; Upper Austria, 7 per cent. In Lower Austria, Bohemia, Moravia, Silesia, 6 per cent. ; in Tirol, Vorarlberg, Galicia, 5 per cent. ; in Carniola, 4 per cent. ; in Bukovina, 2 per cent. ; and in Dalmatia, 1 per cent. Teifen pays a tribute in glowing terms to the effect of trade unions.<sup>1</sup> Not only do they give the workers better living conditions, higher wages, and shorter hours, but they protect the worker against acts of harshness and inconsiderateness on the part of the employer and his officials. "The weaker the organization, the greater is the exploitation, the more brutal the treatment," as is shown in the case of apprentices and the notorious treatment of seamstresses.

Trade unionism, however, cannot be said to be strongly developed in Austria, except, perhaps, in Vienna, and the pressing necessity for further organization is vividly shown by the annual reports of the inspectors. The neglected workshops, the disrepair of flooring, the reckless use of inflammable materials, the overcrowding, bad ventilation, lack of proper sanitary arrangements, and a host of other grievances, can, according to Teifen, only be rectified by a further extension of trade unionism. Such organization, as he points out, confers a benefit upon employers, giving good employers the advantage of a uniform wage rate and uniform hours, and forcing bad employers to acquire greater knowledge of business, higher technical education, and better machinery.<sup>2</sup>

As the guild system began to wane, chambers of commerce arose, and in 1848 they were demanded by the provinces of Austria proper. They already existed in the Italian provinces. In 1849 chambers of commerce

<sup>1</sup> Teifen, pp. 185-192 ; Royal Commission on Labour Report, pp. 41, 42.

<sup>2</sup> Teifen, pp. 189-192 ; "Bulletin of the United States Bureau of Labour," p. 79.

were instituted all over Austria. A reorganization was necessitated by the loss of the Italian provinces, and again on the erection of the dual system. Further reforms took place in 1884, 1901, and 1902.

The work of the chambers of commerce is to consider all matters concerning trade and industry, and to bring proposals before the authorities. They have to consider and advise upon Bills relating to trade and industry before they are laid before Parliament, and they are directly under the Ministry of Trade and Industry. They are allowed to correspond with one another and to hold general conferences by meetings of delegates. Finally, the chambers constitute central or branch committees in the case of international exhibitions, and send delegates to such bodies as the State Council for Railways, the Industrial Council, and the Industrial School Commission. In 1864 a vain effort was made to form a central chamber for the whole monarchy.<sup>1</sup>

The number and locality of the chambers of commerce is fixed by the law of 1868. They are twenty-nine in number, and in eleven cases they have an entire province for their district. The membership varies from sixteen to forty-eight, and each chamber is divided into sections, to deal with special subjects. Of late years the chambers have played an important part. They have not only had to consider and make representations on tariff regulations, the Customs and Commerce Treaty with Hungary, international commercial treaties, coinage policy, the reform of taxation, and Bills relating to patents and trade marks, but they have also given technical advice as to the reforms of the industrial code carried out in 1883, 1885, and 1902. They make industrial statistical reports, and also hold statistical inquiries. In 1873 the first chamber of commerce conference was held in Vienna.

With the development of the principle of association,

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 688-691; Deutsch, "Gewerkschaftsbewegung," p. 314.

the custom of holding labour congresses has grown in Austria. These congresses may be either national (*Parteitage*), provincial (*Ländertage*), or special (*Fachtage*), and are all connected with the central organization of the social democratic party. They have been described as a permanent workmen's Parliament in which the different questions relating to the modern labour movement are debated. At the congress (*Parteitag*) in 1900, 185 organizations, with a membership of 92,592, were represented.

The Labour Press, which began with the publication of the first number of the *Volksstimme* on Lassalle's birthday in 1869, went through great vicissitudes in the troubled years of the eighties. The *Volksstimme*, which became the *Volkswille* in 1870, disappeared, and in the troubled times the *Volksfreund*, issued at Brünn, alone remained. After the Hainfeld conference (1888) socialist papers obtained a wider circulation. In 1894 there were twenty-six of these, of which sixteen were German. In 1902 there were fifty-five, of which thirty-three were German. The Austrian Press is still subject to the indirect censorship which is one of the special grievances of the socialists. Nominally, under the constitution, everyone has a right to express his opinions freely, either by words or in writing; practically, under the press laws of 1862 and 1868, obnoxious passages are still struck out from labour papers.<sup>1</sup>

#### 4. CONDITIONS OF LABOUR, WAGES, HOURS.

As has been seen, the Austrian legislature has made provision by law for good conditions of labour. In 1885 it was laid down, *inter alia*, that the employer should fence dangerous machinery, and should provide light, airy, and healthy workrooms. But the resolutions and debates of labour congresses are full of complaints

<sup>1</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. ii., pp. 304-306 680-691; Labour Report, pp. 22, 23, 43; Waentig, p. 193.

of the long hours of work, exacted under insanitary conditions, from factory hands of both sexes, and official confirmation of these and other complaints is not wanting.

If the conditions of labour are open to criticism in factories, those in small and home industries are infinitely worse. Few "have a clear knowledge of the misery against which thousands of families must struggle." Many dread to become really acquainted with it, from fear of disturbing their own peace of mind. Work, eating, living, sleeping, are too frequently carried on in one overcrowded room, from which the smoke of the petroleum lamp seems never absent. Fourteen hours is a common enough day, while for this the worker only gets a pittance insufficient to provide him with proper food.<sup>1</sup>

As regards wages, the general tendency of the Industrial Code is to prevent employers from getting an undue hold over their workmen by providing them with goods on credit instead of with ready money. Again, wages may not be paid in taphouses or taverns, a practice especially prevalent where the employer has an interest in the public-house. It has been stated that, thanks to these regulations, the working classes have suffered comparatively little from the abuses of the truck system, though infractions have occurred, especially in the building trade; but of this grievance complaint was made by the strikers in 1890.<sup>2</sup>

Wages, in so far as they involve a contract, are regulated by the Industrial Code, and every employer is bound to post up all particulars regarding settlement, payment, and deduction, of wages in his factory. Where no agreement has been entered on, wages must be paid weekly, and fourteen days' notice must be given on

<sup>1</sup> "Soziale Verwaltung," Philippovich, "Wohnungsverhältnisse in Oest. Städten insbesondere in Wien," pp. 1, 2; Labour Report, p. 60; Teifen, pp. 117-124.

<sup>2</sup> Labour Report, p. 45; Mischler and Ulbrich, vol. i., pp. 216, 217, vol. ii., pp. 166, 167.

either side. In piecework a minimum wage is fixed, to be paid regularly till the contract expires, even when the work is interrupted. Extra pay is to be given for working overtime. Home workers, properly so called, are excluded from the benefits of the Industrial Code, although its protection is extended to operatives working for an employer in their own homes, and to journeymen (*Hilfsarbeiter*) engaged in home industries.

Wages differ greatly, according to trade and district. For example, workers in metal often earn three times as much as the textile workers. Between 1888 and 1891 wages remained practically stationary, while the increase since then has apparently been counterbalanced by the rise in prices. In 1904 it transpired that there were workers employed by the State who only earned 240 kronen, or £10, a year.

Speaking generally, Palmer states that in no other (European) country, except, perhaps, Russia, is labour so cheap. So extreme, indeed, is the poverty of a large proportion of the working classes in towns, that it is becoming a very serious social and political danger. The purchasing power of the nation is seriously reduced, and manufacturers are compelled more and more to rely upon their export trade, which becomes increasingly difficult, owing to the inability of a large proportion of the nation to purchase foreign products in return.

In skilled trades wages are fairly satisfactory, though inferior to those obtained in most Western manufacturing countries. In almost all others wages are extremely low. In a number of trades, such as boot and shoe making and many branches of the textile trades, they average over wide districts not more than 8s. or 10s. a week. In very many instances they are far less; while in nearly all cases the earnings of women are from 20 to 25 per cent. less than men.

The low wages are attributed to the superabundance of labour, owing to the influx of workers from the rural districts into the towns and to the unfair system of middlemen, through whose hands in many industries,

such as shoemaking, tailoring, leather work, and cabinet-making, the work passes.<sup>1</sup>

In many Jewish firms an infamous practice obtains whereby the workers have to pay the foreman a percentage of the wages received from the firm, as a commission to him for obtaining their employment, and these sums the foreman is compelled to hand over to the firm. There is no indication on the books of the firm that less than the current rate of wages has been paid, and that the profits are consequently larger than the accounts represent.<sup>2</sup>

The wages in the State tobacco factories are peculiarly low. The average yearly earnings in these factories increased from 348·75 kronen in 1890 to 524·02 kronen; but the rise in prices has been such as to leave the real wages stationary, or even lower than they were, and, in any case, inadequate to feed the workers. A sharp contrast is presented by the profits of the employer, the State, which in 1903 made a net profit of 147,110,000 kronen, the total expenditure having been 88,470,000 kronen, of which only 20,107,272 kronen went in wages. The wages in the State salt works are also very low, varying on an average from £25 to £30 per annum. Nevertheless, ordinary employers complain of these wages as competing unfairly and drawing off their workmen. It should be added that the lowest wages are given in the Galician salt-mines, and that in the Alpine salt-mines there are some perquisites, such as firewood, which slightly raise the workmen's earnings.

Even in the industries in which, on account of the dangerous nature of the employment, wages are comparatively high, no category of workers earn as much as the State-fixed *existenzminimum* of 1,200 kronen, except a small number of miners in three Bohemian mines whose pay reaches that figure. The majority of grown workmen earn under 2 kronen a day, while the yearly

<sup>1</sup> Labour Report, p. 45; Mischler and Ulbrich, vol. i., p. 217; vol. ii., pp. 160, 166-168; Teifen, pp. 98, 99; Palmer, pp. 206-209.

<sup>2</sup> Palmer, p. 209.



earnings of women in some districts fall under 200 kronen. According to the "Third Abstract of Foreign Labour Statistics," which gives a favourable view of wages rates, the average net wages in all mines in Austria from 1901 to 1904 fell from £38 1s. to £35 7s. Only in a very few industries are higher wages earned than in mining. Wages in the textile industries, taking the years 1897 to 1902, averaged 525 and 555 kronen (about £21 and £22) for woollens, 479 and 488 kronen for linen, and 438 and 400 kronen for silk.<sup>1</sup>

Among the worst-paid industries is that of brick-making. In 1902 for machine-made bricks wages averaged 511.84 kronen, and for hand-made bricks 357.54 kronen. In all these industries private enterprise is apparently making a good profit, and could well afford to pay a living wage.<sup>2</sup>

Although the maximum working day has been fixed for factories by law at eleven hours (not including intervals for rest), little importance can be attached to the provision as a rule. In small trades and industries the rule does not apply, while in a whole series of industries, including textiles, the prolonged maximum of twelve hours obtains. Further, the maximum limit is infringed on account of the fluctuating business of the works and the overtime done in busy periods; the shift system is also allowed—for instance, in glass works. The prolonged maximum may be extended over a week to eighteen hours, but the limit of work for seven days is eighty-four hours. The abbreviated table on p. 120 shows the overtime worked under the Industrial Code eleven-hours day in 1904.

In 1901 the coalpit shift, inclusive of interruptions, was fixed at nine hours. This marks an advance. According to the Industrial Code Amendment Act of 1885, legal intervals are fixed at a minimum of one

<sup>1</sup> Teifen, pp. 99, 100, 102, 103, 110-114; "Salinen Oesterreichs," 1902, pp. 160, 162, 167; "Board of Trade Second Abstract of Foreign Labour Statistics," pp. 77-80; Third Abstract, p. 61.

<sup>2</sup> Teifen, pp. 116, 117.

and a half hours altogether, of which one hour must be taken at midday, but there are many exceptions to this rule.

Work done between 8 p.m. and 5 a.m. is defined as night-work, and women and children are partly, though not wholly, excluded from such work; but these regulations are sometimes infringed. The law of Sunday rest, finally fixed in 1895, provides for repose for twenty-four

HOOURS OF LABOUR IN EXCESS OF LEGAL MAXIMUM, ELEVEN-HOURS DAY.

Trade.	Number of Establishments working over Maximum.	Total Number of Workers employed in such Establishments.	Number of those who worked over Eleven Hours at any Time of Year.	Total Number of Hours in Excess of Eleven worked by People.
Building ...	31	3,170	1,376	90,650
Metal ...	74	21,611	5,970	297,630
Engineering and machinery ...	77	18,132	5,632	499,032
Textile ...	275	66,404	22,698	1,382,030
Clothing... ..	49	7,586	3,030	129,765
Stone, earthenware, glass, pottery ...	66	15,785	7,956	855,557
Transport, etc. ...	1	290	290	2,540
Total of full table	753	162,026	56,877	3,840,224 <sup>1</sup>

hours, commencing at the latest at 6 a.m., but to this rule there are many exceptions. The infringement of Sunday rest is a matter which is a cause of grievance to the workpeople, who are strongly in favour of the general enforcement of the law.<sup>2</sup>

The scattered and fragmentary nature of the only accessible information with regard to trade disputes in Austria makes it difficult to give an adequate account of the early stages of the strike movement. The reports of factory inspectors from 1884 onwards, however, throw

<sup>1</sup> Mischler and Ulbrich, vol. i., pp. 213, 214; "Board of Trade Third Abstract of Foreign Labour Statistics," p. 134.

<sup>2</sup> Deutsch, "Gewerkschaftsbewegung," p. 271; Lopuszanski, p. 34; Labour Report, p. 60; "Soziale Verwaltung," Müller, "Gewerbliche Arbeiterschutz und Arbeitsvertrag in Oest.," p. 43; Mischler and Ulbrich, vol. i., p. 215.

much incidental light on the struggle between capital and labour, and since 1891 an official publication on strikes has been issued annually. In 1885 twenty-three strikes were reported in Bohemia, Moravia, and Vienna, where the agitation was carried on in a particularly orderly manner. Strikes are also reported in 1886, and in 1888 there were no less than 117 strikes, affecting 30,000 workmen, in Bohemia and Moravia. The disputes of 1889 and 1890 were chiefly concerned with wages or hours of labour, and were for the most part settled quietly, in a sense favourable to the workers.

The strikes of 1890 gave evidence of an organized power in the background, of which the workers were merely the instruments, the claims being similar and their behaviour unanimous. According to the Viennese inspector, the efforts of the workmen to improve their conditions were unprecedented in extent and earnestness. The workers demanded, amongst other things, the abolition of the truck system and piecework, the dismissal of unpopular officials, the improvement of the conditions of the factories, the establishment of a labour registry, and a holiday on May 1. The strikes took place chiefly in the textile and metal industries. The strikes amongst printers, once so frequent, diminished.

A feature of the strikes of 1893 was the share taken in them by women. The total number of strikes rose between 1894 and 1904 from 172 to 414.<sup>1</sup> The total number of workpeople affected fluctuated greatly: 74,623 workers were affected in 1894. This number sank to 27,716 in 1901, and rose again in 1902 and 1903, reaching 73,528 in 1904. The total number of working days lost varied from 896,033 in 1894 to 3,675,716 in 1900, and that number fell to 666,658 in 1904. 1905 was marked by the passive resistance of the railway employ  s; while in the following years the most important strikes were one in 1906 in the building trade in Vienna, which involved 30,000 men,

<sup>1</sup> Labour Report, pp. 62, 68; "Board of Trade, Third Abstract of Foreign Labour Statistics," pp. 204, 205.

and another in the clothing industry in 1907, the object of the latter being to obtain higher wages.<sup>1</sup> The chief causes of strikes were questions relating to wages and hours. In 1903 wages accounted for 55·9 per cent., hours for 27·5 per cent. In the result the employers were considerably more often victorious than the workmen, but the tendency is decidedly in favour of compromises. In the years 1894-1904 considerably more than half the strikes ended in a compromise.

A small number of lock-outs have occurred, on an average between seven and eight a year, chiefly in consequence of unauthorized absence on May 1.

Strikes have been of short duration. More than half of the strikes from 1894 to 1904 lasted from one to five days. The average is twelve days. Where they occur more than half (59·8 per cent.) of those employed have taken part. Bohemia heads the list of districts, with 31 per cent. of the total of strikes; Lower Austria has 29·3; Moravia, 9·0; Galicia, 8·6; and Silesia, 6·8; so that these provinces account for about 85 per cent. of the total number. The industries chiefly affected were first and foremost the textiles; then, considerably below, those connected with wood, building, mining, and metal work.<sup>2</sup>

Industrial courts were instituted by the law of April 14, 1869. These courts had no compulsory jurisdiction, but were co-ordinate with the ordinary civil tribunals, and were only established in a district when the parties concerned were anxious for their formation, and willing to provide for the expenses of their administration. Their jurisdiction extended only over disputes relating to labour contracts still in force, or which has terminated less than a month before the application to the court. The courts had both conciliatory and judicial powers, and cases went first before a committee of conciliation.<sup>3</sup>

<sup>1</sup> Deutsch, "Gewerkschaftsbewegung," pp. 305, 310, 314.

<sup>2</sup> "Third Abstract of Foreign Labour Statistics," pp. 204-207: "Arbeits-einstellungen u. Aussperrungen in Oesterreich in 1903," pp. 15, 16, 22, 34.

<sup>3</sup> Labour Report, pp. 68, 69; Mischler and Ulbrich, vol. ii., pp. 536, 537.

In 1888 committees of arbitration were instituted in connection with the guild system, for the adjustment of disputes between employers and employed, while boards of arbitration were to decide differences arising out of labour contracts in which employers were concerned who were not members of any guild. In 1891 a Government Bill was introduced dealing with the establishment of workmen's committees, the formation of guilds for factories similar to those established in 1883 for handicrafts, and the institution of boards of conciliation, to be established by the Minister of Commerce in conjunction with the Minister of the Interior, in places where factory guilds have already been introduced. The three parts of the Bill were based upon the idea of extending to the larger houses of business the organization for the purpose of maintaining friendly relations between employers and employed which the amendment to the Industrial Code, passed in 1883, had already given to small industrial establishments.

The Bill, however, was not passed into law, and it was not till 1896 that an amendment was made. Under this Act a distinct advance is made, because the presidents of the industrial court must be legal officials, appointed by the Ministry of Justice, competent to undertake the duties of judges. The assessors are, as before, elected by employers and workers. The electoral body of workers consists of all the employed, male and female, who have been employed in the trade for a year, are over twenty years of age and no longer apprentices. The electoral body of the employers consists of proprietors (*Inhaber*) of commercial houses engaged in the said industry and situated in the said district. The tenure of office lasts for four years. The expenses of the courts are, with some unimportant exceptions, to be borne by the State. There are now, instead of the original four, fifteen or sixteen well-organized courts. Further reforms have been suggested; indeed, it has been proposed to transfer the duties of the existing industrial courts to the ordinary district (county) courts, a course

which would, in the opinion of the writer in Mischler and Ulbrich's dictionary, be conducive to rapidity, cheapness, and efficiency.<sup>1</sup>

### 5. SPECIAL INDUSTRIES: MINING, IRON, ENGINEERING.

Austria is distinguished by the immense variety of its mineral produce rather than by its large output of any one kind of mineral or metal. Mineral products are to be found in more than three-quarters of its territory, and some of the most valuable, those of Bohemia, are within easy access of all the energy and enterprise of Western Europe. Coal, iron, copper, lead, quicksilver, and graphite, besides gold and silver, are produced in considerable quantities; sulphur and mercury in lesser degree. The following table shows the value in thousands of florins of the principal minerals and furnace products:

	Common Coal.	Brown Coal.	Raw Iron.	Lead.	Quick- silver.	Silver.	Copper.	Zinc.
1880	19,336	15,375	15,253	1,739	775	2,696	602	713
1890	30,401	27,639	27,311	1,399	1,596	3,197	553	1,467
1900	47,795	56,317	41,152	2,361	1,248	1,954	769	1,582
1905	49,937	50,478	41,614	2,405	1,276	1,877	754	2,641
1906	59,032	52,919	47,063	3,417	1,250	2,114	898	3,307

The richest mining districts are those of Bohemia, which alone employed almost as many miners as all Hungary; then Silesia, Styria, Galicia, and Moravia. The total area occupied by mining works in Austria in 1900 was 426,648 acres, and 246,633 in Bohemia. In Austria the total number of private mines in 1900 was 1,393; in Bohemia, 951. In 1901 the coal industry was affected by the reduction in home consumption consequent on the depression in the great coal-consuming industries; and for a similar reason the export to Saxony was diminished. The favourable freight rate

<sup>1</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. ii., pp. 536, 539; Royal Commission on Labour Report, p. 69.

of the German State railways, with the higher prices of Bohemian coal, following the great strike, rendered a more extensive use of German black coal possible, and so the demand for Bohemian brown coal diminished considerably. By 1903, however, the price of coal fell. The statistics of lignite production show Germany, Austria, and Hungary to be the largest producers, with an output of 55,668,000 tons, 22,327,000 tons, and 5,991,000 tons respectively. The production of Austria rose to 23,779,000 tons in 1906—that is, a rise of nearly 1,500,000 on 1905.

Iron ore deposits are to be found in every part of the Empire, but they are especially rich in Bohemia, the iron ore beds in Prague and Beraun producing more than one-third of the total output in Austria.<sup>1</sup> Between 1900 and 1904 prices in iron rose, in great measure owing to the establishment of cartels in 1903. In 1904 a syndicate was formed among the large iron merchants of Vienna, which tended to regulate and steady the iron industry, and there was an all-round improvement. Since 1882 the iron production all over the world has nearly trebled, and Austria still (1907) holds the sixth place among European iron-producing countries, with an iron output of 1,900,000 metric tons—a place which she held in 1882, with 600,000 metric tons. Austria imports 300,000 tons of coke for smelting, the home supply being deficient; but the high protective duties have enabled Austrian iron-producers to exclude foreign iron from the home market, and even to export some 240,000 tons annually. The complaint of over-taxation is a long-standing grievance in the iron trade. Taxation absorbs on an average 25, and sometimes 50, per cent. of the profits, prevents foreign capital from coming in, and cripples trade. Although the Austrian ironworks are described as being “as perfectly equipped with modern

<sup>1</sup> Labour Report, p. 76; “Statesman’s Year-Book,” 1908, pp. 753, 754; *Board of Trade Journal*, December 5, 1907; Foreign Office Reports, “Bohemia,” No. 2,857, July, 1902, p. 10; Matlekovits, “Königreich Ungarn,” vol. i., pp. 588, 589; Palmer, p. 206; Foreign Office Reports, “Bohemia,” No. 3,255, August, 1904, p. 8.

appliances as any in the world," yet the future of iron is not hopeful. The chief limitations to Austrian iron enterprise are the comparatively low rates of iron consumption in Austria, and the prospect that before long the supply of iron will not permit of any great extension of enterprise.<sup>1</sup>

The engineering industry of Austria has its centre in Bohemia, where, in 1900, seventy works employed about 12,000 people, and had an output valued at about £2,000,000. The trade has suffered incidentally from the depression affecting such great industries as sugar, brewing, and textiles, and also from the competition of Canadian and American light agricultural machinery. Thanks to Government orders, the locomotive works were fairly occupied in 1901, but the machinery trade generally was depressed in that year, and also in 1902, except for the agricultural branch, the uncertainty as to sugar being the principal factor in the general slump.<sup>2</sup>

The chief seat of the petroleum industry is in Galicia and Bukowina. Owing to the fortunes made in America, attention was drawn to the existence of petroleum in Galicia in the nineteenth century, and the industry increased by leaps and bounds. In 1882 the value of the oil extracted was 7,000,000 florins a year, while seven years later the value had increased fourfold. Owing to the fluctuation in the price of raw oil, the petroleum industry has had much to contend with in recent years, while the dissolution of the petroleum ring depressed prices by admitting competition. In 1903, however, a new ring was formed by the Austro-Hungarian refiners, and a considerable advance has been the result.<sup>3</sup>

<sup>1</sup> Lopuszanski, pp. 43, 45; Max Marse, p. 63; *Times Engineering Supplement*, September, 1907; *Morning Post*, Vienna, September 25, 1907; Foreign Office Reports, "Bohemia," No. 2,402, April, 1900.

<sup>2</sup> Foreign Office Reports, No. 2,857, pp. 13, 14, 16, No. 3,075, pp. 14, 15, and No. 2,688, p. 17; Lopuszanski, p. 45.

<sup>3</sup> Labour Report, pp. 89, 90; Max Marse, p. 63; Lopuszanski, pp. 34, 35.



## 6. TRANSPORT AND MISCELLANEOUS INDUSTRIES.

The history of railway construction in Austria dates back to 1836. At first the State did not use due influence on the construction of railways and in the tariff system. Private capitalists found difficulties, the returns expected were not received, and construction came to a standstill. By the end of 1840, only 144 kilometres of line were working. After granting the first concession in 1836, the State in 1837 reserved for itself the right to build and work railways, and established its reversionary right, whereby, when the period of concession was over, the lines were to become the property of the State without compensation. In 1841 the Government declared that new lines should be laid at the expense of the State, though private rights in existing railways should be respected. From 1842 to 1854 the State showed considerable energy not only in building railways, but in endeavouring to possess itself of the private lines, either by taking them over directly, or by becoming a shareholder in them. In 1854 there were 1,435 kilometres of lines in Austria, of which 994 belonged to the State. From this time the State modified its policy towards private lines. A new concessions law in 1854 offered great inducements to the employment of private capital in railways, and as a result many companies were formed to take over and complete existing railways and to build new ones. By the end of 1858, 2,400 kilometres of lines were working, and nearly the entire system of State lines was once more in private hands, where it remained for twenty years.

The war of 1866 gave an impetus to the development of Austrian railways, on account of their importance from a strategic point of view. In 1873 the great crash on the Stock Exchange put a sudden stop to the further investment of capital in railways. The Government again stepped into the breach, and railway construction

was once more undertaken. After 1879, the date of the Act of Sequestration, the Government began to reacquire the railways, and by the end of 1889 it owned about a third of the total railway mileage. This process continued, and in 1902 more than half the total length of line was worked by the State. Its "Investitions Programm," 1901, is of the greatest importance in its effect on the development of the State railways, for it provides for the construction of certain important, but difficult and costly, lines, which could only be undertaken by the State.

At present the acquisition of more lines by the State is urgently pressed, but though the Government refuses to undermine the finances of the State by too hurried purchase, the process is even now (1908) being steadily continued.<sup>2</sup>

The first tramway in Austria was constructed by private enterprise in 1824. In recent years the development has been steady. From 62,018 kilometres in 1887 it rose to 80,075 in 1891. From 1892 to 1902 the length of tramways increased 25 per cent., 82 per cent. as regards passengers, 33 per cent. as to goods traffic, and 40 per cent. in profits.<sup>3</sup>

The shipping trade of Austria is confined to the shores of the Adriatic, and is chiefly in the hands of the Austrian Lloyd Company. Trieste, the great port of Austria, was equipped as early as the latter half of the eighteenth century with an outer harbour suitable for large, and an inner harbour suitable for smaller, boats. In the reign of Charles VI. projects were entertained for enlarging the harbour at Trieste, and under his daughter, Maria Theresa, these projects were carried into effect. For long years after this date Trieste was forgotten, and

<sup>1</sup> Labour Report, p. 89 ; Foreign Office Reports, Annual Series, No. 3,343, April, 1905, pp. 37-40.

<sup>2</sup> Labour Report, p. 90 ; Foreign Office Reports, No. 3,343, pp. 38-40, 48 ; Max Marse, pp. 91-98 ; Lopuszanski, p. 63 ; "Statesman's Year-Book," 1908, p. 757 ; *Times* Engineering Supplements, Vienna, August 17, 1906, and July 3, 1907.

<sup>3</sup> Labour Report, p. 91 ; Foreign Office Reports, No. 1,265, p. 12 ; Max Marse, p. 107.

not until the opening of the railway from Vienna to Trieste in 1857 were further plans of extension entertained. Shipping developed considerably between 1867 and 1885, and further enlargement, which was continued through the nineties, became necessary. It was not, however, till the "Investitions Programm" that a complete plan for bringing the port up to modern requirements was drawn up. The whole scheme will not be finished till 1912, but part is to be ready in 1908. In 1905 the Foreign Office report stated that a sum of £2,226,000 was being expended on public works at Trieste; nevertheless, in 1906 the existing harbour was still stigmatized as quite inadequate, and it was stated that little had till then been accomplished.<sup>1</sup>

The mercantile marine of Austria employs on seagoing vessels 4,287 persons, on coasting vessels 4,147 persons, and on fishing vessels 28,704 persons. The position of seamen in the mercantile marine is, on the whole, good. The pay is fair, the men's quarters are clean and healthy, the conditions of work are satisfactory, and the men are contented. Suicides are rare, and are not connected with employment. The language used is Italian.<sup>2</sup> The Austrian Lloyd has a shipbuilding yard which employs 2,588 out of the 5,790 workmen employed in this industry.

The older branches of the textile industry have long been established in Austria, and in spite of the great economic changes of the nineteenth century—the transition from guild restrictions to unlimited competition, the narrowing of the export market by tariffs, and the change from hand labour to machinery—the textile trades are more flourishing now than a hundred years ago. In 1902 the textile industries employed 387,473 persons in factories, and 211,502 home workers. Cotton-spinning on a large scale dates back to 1801, when a

<sup>1</sup> Labour Report, p. 92; Foreign Office Reports, Annual Series, No. 3,343, pp. 36, 37; Max Marse, pp. 76-83; *Times Engineering Supplement*, August 17, Vienna, 1906.

<sup>2</sup> Foreign Office Reports, No. 2,762, p. 14, and No. 3,233, p. 16; also "Statesman's Year-Book," 1908, p. 756. As to suicides, cf. *infra*, p. 141.

spinning-mill was in existence at Pottendorf. Throughout the century the trade increased, and in 1860 there were 6,970 workers employed, and the output of cotton amounted to 898,743 cwt. Further development was retarded by the American War, and the number of spinners employed fell in 1870 to 6,649. In 1903 the net import of cotton from abroad to Austria-Hungary was 1,520,000 meter centners, of which 91,000 went to Hungary and 1,429,000 to Austria.<sup>1</sup> The total cotton export of Austria-Hungary abroad in 1903 was 89,000 meter centners, of which 39,000 was cotton yarn and 50,000 cotton goods. The total Austrian export to Hungary in the same year was 613,000 meter centners, of which 110,000 was cotton yarn and 503,000 cotton goods. Between 1890 and 1900 the export of cotton manufactures showed a rise in value from 12,484,000 to 15,286,000 kronen.<sup>2</sup>

The art of making woollen cloth was introduced into Austria by Flemish weavers, who established factories at Iglau, Görlitz, and Bielitz, about the middle of the thirteenth century. For 200 years the industry was carried on on a very insignificant scale. After the Thirty Years' War, however, there was a brief period of prosperity, followed by the Catholic reaction and the emigration of Protestant weavers. The depression continued until the reign of Maria Theresa, when efforts were made to improve the breed of Austrian sheep.

After 1848 sheep diminished, owing to the conversion of the grazing grounds into arable lands. In 1848 the amount of wool produced in Moravia had sunk to half what it was in 1833. Foreign markets, however, supplied the deficiency in wool, and small manufacturers did a flourishing trade between 1828 and 1848. Small factories soon gave place to large ones, which increased greatly in number. The period from 1851 to 1871 is distinguished by the advance made in economizing

<sup>1</sup> Lopuszanski, "Die Volkswirtschaft Oesterreichs in den Jahren 1901 bis 1904," pp. 36-39; Labour Report, pp. 93, 94; "Statesman's Year-Book," 1908, p. 756.

<sup>2</sup> Labour Report, p. 94; Lopuszanski, pp. 38, 39.

waste products in the manufacture of half-wool materials and in the development of the worsted trade. During this period the Austrian market was flooded by cheap English goods, which defied the competition of the native manufacturers, and in 1878 a fresh tariff was consequently imposed. In 1894 the export of woollen goods was small, the centres of the trade being Brünn (Moravia), Jägerndorf, Bielitz, Biela (Silesia), Reichenberg (Bohemia), and latterly Graz and Innsbruck. The export continued to decline. In 1900 there was a serious fall in the price of raw wool. In 1901 the price steadied and the woollen industry became prosperous. The advance made by the woollen industry in Austria is shown by the stationary import of woollen goods from other countries from 1900 to 1904. The linen industry increased between 1890 and 1900, while it has shared the progress of the cotton and woollen industries in recent years. The principal flax-producing districts are the Alpine provinces—Bohemia, Galicia, and Bukowina.<sup>1</sup>

Silk, on the other hand, has somewhat declined. Bad silk harvests and changing fashions in England and on the Continent have combined to depress the industry, which the State is now attempting to revive by subsidies. Silk is confined to Moravia, Carniola, the Southern Tirol, the coast lands, and Dalmatia.

The clothing trades are largely carried on by small employers or in home workshops all over the Empire. The large factories supplying the export trade are chiefly centred in Vienna and the province of Lower Austria. Ready-made clothes were exported in great quantity. Between 1890 and 1900 the value of ready-made clothing exported rose from 11,796,000 to 23,191,000 kronen. According to the census of the commercial, industrial, and transport undertakings, taken in Austria in 1902, there were 397,171 persons employed in establishments for the making of clothing and dress, and 140,846 home workers.

<sup>1</sup> Royal Commission on Labour Report, pp. 94, 95; "Statistical Abstract," pp. 124, 125; Lopuszanski, pp. 39-42.

In the early nineties the conditions in the baking trade were described as notoriously bad. Hours were excessive, Sunday rest often not observed, while the workrooms were sometimes cellars, and in the majority of cases inadequate and insanitary.

The first machine for paper-making was introduced into Austria in 1819. In 1880 improved English machinery was imported, but until the middle of the century the output did not materially increase. Since then the extension has been enormous, owing to the discoveries which have enabled manufacturers to substitute wood pulp and cellulose for rags and vegetable fibres. Between 1890 and 1900 the value of the paper export rose from 25,598,000 to 34,700,000 kronen, and in 1902 there were 53,912 persons employed and 2,094 home workers.

The presence of numerous beds of clay has led to a wide extension of the pottery industry in Austria, and the trade has attained important dimensions in the last few decades. The conditions of labour are bad, and workers suffer from the excessive heat of the workroom, from bad ventilation and long hours.

The glass industry, which was suffering from very serious depression in the early years of the nineteenth century, has since then more than recovered its former prosperity.<sup>1</sup> In 1881 the glass export of Austria was higher than that of any other European country except Belgium; after that date the former importers began to produce glass themselves. Nevertheless, the export in 1900 was of the value of 52,660,000 kronen, having risen from 30,774,000 kronen in 1890. Conditions of labour in this trade were bad in 1894, and there were complaints in 1900 of low wages and long hours, alternating with periods of compulsory idleness. In 1902 no less than 215,789 persons were employed in establishments for the production of stone, pottery, and glass, and there were 20,194 home workers.

<sup>1</sup> Lopuszanski, pp. 38, 42; "Statesman's Year-Book," 1908, p. 755; Labour Report, pp. 100-102, 105, 110; Teifen, pp. 116-119, 123-126; "Statistical Abstract," pp. 124, 125.

In Austria, as in Germany and Switzerland, the most ancient and highly developed industrial organization is found in the printing trade, which has taken a leading part in the wage and strike movement. Printers are well treated in the State works. They get fixed weekly wages, with an additional wage on the piecework system, and hours are not excessive. According to the census of 1902, there were 36,429 persons employed in this industry, and only 534 home workers.

In the building trade conditions of labour are very bad. In the early nineties employment was slack, little regard was paid to the safety of the workers, women were employed in unsuitable and dangerous occupations. Accidents were frequent, hours long, and pay inadequate. The building trade was much affected by the depression at the beginning of the century. Cement-makers, window-glass-makers, and all the subsidiary industries, suffered. But an improvement commenced in 1902 and 1903, and there has been a good deal of public construction, which has helped the trade. There are 309,485 persons employed, and 12,847 home workers.

Home industries formerly played a great part in Austrian rural life, and are still of considerable importance, because they are now developing into a chief occupation, and their nature and the conditions of labour have consequently changed. There are now two classes who do work at home. There is the *Heimarbeiter*, who produces embroidery, dried fruit, wine, smoked bacon, and other such products, and whose earnings in such auxiliary occupations go to swell his income, which is mainly supplied by some staple occupation; and there is the home industrial (*Hausarbeiter*), whose whole work is in his house.<sup>1</sup>

The number of the former appear to be decreasing, but the number of the latter are said to be increasing, because they are less of a responsibility to the em-

<sup>1</sup> "Statesman's Year-Book," 1908, p. 755; "Statistical Abstract," pp. 124, 125; Labour Report, pp. 102, 110, 111, 115; Teifen, pp. 117-141; Lopuszanski, p. 47; Mischler and Ulbrich, vol. ii., p. 724.

ployer, who supplies the materials—wood, wicker, stone, pottery, glass—and leaves the artisan to work in his own house, where factory regulations are not enforced, and where the labour of women and children is often exploited.

The condition of the modern home industrialist, as opposed to the old-fashioned home worker, appears to be very bad. The standard of life is lower than that of the factory hand. "The home worker knows no holiday evening," and "Sunday rest is not observed." His hours are very long, his food bad, his room is overcrowded, while his earnings are graphically described as starvation wages.

The conditions of labour of another class—the small industrialist or handicraftsman—are also very bad. The apprentices are often lodged at night in low, damp, windowless sleeping-places, while the conditions generally are insanitary, and the apprentices' learning period (*Lehrzeit*) is often called, with justice, his "suffering period" (*Leidenszeit*). Long hours (frequently fourteen to sixteen), Sunday work, and recurring periods of unemployment, are among the grievances of the small industrialist, and the whole system appears to be on the decline. The efforts of the department for the promotion of industry are considered by Sir A. Johnstone to have arrested the decay of small industries. A similar policy has met with success in Russia; but it is possible to agree with Waentig, that it is a mistake to bolster up handicrafts at the expense of the modern development, large industry, and try and artificially retain an industrial system which is socially and economically inferior. It is difficult now for masters to get apprentices, as parents think it better for the children to go straight into the factory, rather than that a premium should be first paid, and that they should afterwards be forced into the large establishments. In fact, the best of the young people do now enter the factory directly; only the dregs remain for the small industries. The compulsory guilds and certificates of competence, and other attempts



to limit competition, have not succeeded in arresting the natural process. Women, as we have seen, are largely employed in industry, and particularly in the tobacco and textile branches. A few are even employed in industries like mining. As a general rule, their wages are much lower than those of men. On the other hand, they are subject to special protective legislation.<sup>1</sup>

A noticeable feature in the social democratic movement in Austria is the part played by women—their capacity for association, their energetic participation in the strike movement, and the recognition of their claims by their fellow-workers of the opposite sex. The grievances under which the working classes as a whole suffer fall heavily also upon the women, as was proved by the results of the inquiry on women's work held in Vienna in 1896. The inquiry shows that "a great majority of our fellow-creatures . . . lead a life which cannot be designated as worthy of human beings." Nor are the evils under which the women workers suffer unavoidable. "With a little trouble and expense the working conditions in factories might be much improved." It is not necessary that a woman employé who works with lead should swallow it with every mouthful of bread she eats because there is no lavatory which the workers can use before their meals. It is not necessary that works should remain uncleared year out, year in. It is not necessary that girl apprentices in passementerie should be employed in turning a heavy wheel, or that women should draw heavy wheelbarrows for kilometres in the building trade. All these things could easily be rectified, and also the miserable housing conditions under which, for instance, the women tile-workers live. Healthy dwellings, labour bureaux, and more inspectors, are urgently required.

The conditions of the Viennese women workers are

<sup>1</sup> Teifen, pp. 117-141; Mischler and Ulbrich, vol. ii., pp. 724, 809; Foreign Office Reports, Annual Series, No. 3,343, p. 31; Waentig, pp. 116, 117, 239, 264-267, 269, 302, 303, 341, 342, 479, 481, 482; "Enquête über Frauenarbeit," pp. xiii, xiv.

peculiar. Many Viennese trades are seasonal. In the busy time hours are excessive and the wages earned have to tide the workers over the slack period. Again, women's conditions vary greatly according to their home circumstances. In some cases they can afford to accept very small wages, as their earnings are merely auxiliary to the home budget, and it is this peculiarity which makes it extremely difficult to raise the standard of their wages and conditions of labour. Moreover, by their willingness to accept inadequate wages, women are pushing some men out of trades, to their own ultimate detriment. It is noticeable, among the facts brought to light by the inquiry, that many of the women workers are young, that stillborn children are common, and infant mortality appallingly high.<sup>1</sup>

#### 7. STANDARD OF COMFORT.

In consequence of the inadequate wages, the standard of comfort of the lower classes of industrial workers in Austria is low. The worker cannot afford warm clothes to keep out the cold nor sufficient good food to keep up his strength, nor proper lodging. To these facts must be attributed the small powers of resistance in case of illness, and the short life of the industrialist. Sickness is frequent in all trades. Ill-health, like want of employment, means loss of wages, and what is more, from the statistics of the sick funds, it is steadily on the increase. The average length of illness appears to be twenty days, and in this way, taking the average wage at only 2 kronen, an immense sum (nearly 19,000,000 crowns in eighteen of the nineteen Viennese districts) is lost to the workers. The dust in certain industries is a frequent cause of lung disease, and textile dust is said to be peculiarly injurious.

The following table shows mortality in thousands according to occupation :

<sup>1</sup> "Enquête über Frauenarbeit," pp. xi-iv.

Age of Workers.	Textiles.	Glass.	Brewing.	Clothing.	Sugar.
36 to 40	9·9	15·1	15·7	13·4	8·9
41 to 45	10·9	18·1	24·9	15·8	12·9
46 to 50	16·4	17·5	23·5	18·2	14·6
51 to 55	20·5	24·2	35·9	21·7	19·4

From 1891 to 1895 there was a yearly average of twenty-one and three-quarters years' sickness to every 1,000 members. In 1902 there were twenty-four and three-quarters years' sickness per 1,000 members.

The long working hours are to some extent responsible for another important grievance—the unemployment of thousands of workers in the prime of life. Since the latter half of the nineteenth century unemployment has developed into a serious social problem; but the Government has shown itself far from indifferent, and, though no adequate census of the unemployed as yet exists, it has attempted by employment agencies and other methods described below to cope with this evil.<sup>1</sup>

The housing of the working classes is another question which has come more to the fore in recent years. Especially since 1890, on moral, sanitary, and economic grounds, efforts have been made alike by the Government and private individuals to diminish the abuses revealed. Bad housing involves the spread of vice, degeneracy, and disease, while rent swallows up from 15 to 20 per cent. of the family budget. The results of the census of 1890 showed that 6·78 per cent. of the whole civil population of Vienna lived in overcrowded tenements—that is, tenements averaging more than four persons to a room. In no less than five out of the nineteen wards of Vienna more than 10 per cent. were housed in this class of dwelling. A space of a few square metres had in many instances to serve as a living and sleeping room for adults and children, as a kitchen,

<sup>1</sup> Teifen, pp. 141, 153, 154, 159, 163, 172, 173, 176, 177; Waentig, pp. 302, 303, 307; Mischler and Ulbrich, vol. i., p. 200; *Soziale Rundschau*, vols. 1900-1906.

a workshop, and a dressing-room, sometimes also as a sick-room.

An aggravation of the miserable conditions is the common practice of taking in night lodgers in the already overcrowded rooms, which robs the family life of the last remnants of privacy. Bad as they were, the housing conditions in 1890 showed in some respects a distinct improvement on those of 1880, not the least important feature being the decrease of nearly 7 per cent. in the number of families taking in lodgers. On the other hand, cellar and garret dwellings were found to have increased, and in the latter class there is a great lack of kitchens. Vienna was found to be by no means the worst town in 1890 in the matter of overcrowding. In the most overcrowded district in Vienna 18·52 per cent. lived in overcrowded dwellings; but the average of twenty-five town districts of Austria showed that 21·9 per cent. of the town population lived in overcrowded districts. Philippovitch gives a vivid picture of the sordid homes of the workpeople. He speaks of the badly lighted rooms, the dampness of the dwellings, the bad air, the lack of cleanliness, the noise, unrest, poverty, and sickness, "which are really at home" in these houses.

In the past only one method of improving the housing conditions has been tried by law in Austria—namely, the extension of house-building by grants of exemption from taxation for periods of from twelve to thirty years. In 1889 a law was passed which favoured the construction of workmen's houses by exempting them from taxation for twenty-four years after completion, on condition that they were built by employers for their employés, or to provide workmen with cheap, airy, and healthy dwellings. The law of 1892 attached certain conditions to the privilege of exemption in order to confine it to *bonâ-fide* workmen's tenements; for instance, the rent must be below a fixed maximum, and the houses must be healthy.<sup>1</sup>

<sup>1</sup> Labour Report, pp. 143-145; "Soziale Verwaltung," Philippovich, "Wohnungsverhältnisse in Oesterreichischen Städten ins besondere in Wien," pp. 18, 22-26, 28, 29; Mischler and Ulbrich, vol. i., pp. 298, 299.

This law, however, did little to cope with the evil. Fixing so low a maximum, indeed, prevented the expenditure of capital for the erection of the desired healthy and solid dwelling-houses, while the owners and not the tenants benefited by the State assistance. Only a very few houses were built in consequence of the law, which in a direct sense proved a failure. Indirectly, however, by reopening the question and awakening fresh interest, whether critical or laudatory, the law served to further the cause of the better housing of the poor.

Many public bodies, such as the Lower Austria Chamber of Trade and Commerce and the Kaiser Franz Joseph I. "Jubiläumsstiftung für Volkswohnungen und Wohlfahrtseinrichtungen," organized housing schemes in the nineties. The railway administration bestirred itself in respect of the housing of its employés, and a number of houses with and without gardens were erected for the railway staff. Finally, many private employers, such as Krupp in Berndorf, in Lower Austria, have facilitated the acquisition of their own dwellings by the workers, and provided such institutions as libraries and kindergarten for the benefit of their people.

In spite of all this, the inquiry in 1900 into the housing conditions in sixty towns (*Mittelstädten*) in Austria showed that the question had barely been touched by the remedies used up till that date. The stranger lodger still continued to disturb family life, cellar and garret were densely inhabited, old and young of both sexes were huddled into one room, while tubercular and contagious diseases were alarmingly severe in the poor city districts. Fifty-five per cent. of the small industrialists who worked without assistance lived in rooms used also for industrial purposes, while sofas, etc., served as sleeping-places, to supplement the inadequate number of beds, which usually had to accommodate already three or more persons apiece. Out of 226,525 dwellings, with 1,000,000 inmates, 60,999 were one-room, 79,529 two-room dwellings.

224,701 inmates lived in one-roomed, 346,458 in two-roomed houses. The worst conditions were in West Galicia and among the Czechs in Bohemia.

One of the chief reasons for the bad housing conditions is the high house tax, nominally a direct, but actually an indirect, tax. The tenant pays the rate, although the householder takes it to the tax-gatherer. The additional payments on the house tax increased in most places 26 per cent. between 1870 and 1900, while the increased ground rent, or unearned increment, is in no case taxed.<sup>1</sup> Thus, the enactments passed with a view to providing the working classes with better houses not only failed up till 1902 in achieving their object, but they undoubtedly led to a rise in ground rent. In many residential parts of Vienna the ground value rose 10 per cent. between 1890 and 1899, while in some of the thoroughfares there was a rise of 100 per cent.

After ten years of experiment, the Government again attempted to grapple with the question by legislation, and in 1902 another housing law was passed, whereby a serious attempt was made to secure the benefits of the law to the tenant rather than the owner, and at the same time the transformation of the tenant into the owner was facilitated, and provision was made for reading-rooms, baths, etc. The law of 1902 was further elaborated by the Ministerial order of 1908, which made additional regulations as to the healthiness of the dwellings. If the law does not remain a dead letter—a point on which the writer in Mischler and Ulbrich's dictionary seems to entertain some doubt—it should do much to solve the housing problem.<sup>2</sup>

The food and family budget of the Austrian working classes do not show up satisfactorily. Although wages have undoubtedly risen of recent years, the steady rise in the cost of living has, as we have seen, more than neutralized the effect of the rise, and the workers are

<sup>1</sup> "Soziale Verwaltung," Philippovich, "Wohnungsverhältnisse," p. 29; Mischler and Ulbrich, vol. i., pp. 299, 301; "Verein für Socialpolitik," "Wohnungsfrage," vol. ii., 1901; Teifen, pp. 142-144.

<sup>2</sup> Mischler and Ulbrich, "Oest. Staatswörterbuch," vol. i., p. 301.

probably in more straitened circumstances at the present time than a decade ago. The feeding of the working classes is, on the whole, poor, the diet of many working-class families consisting mainly of potatoes and garlic soup, while in the Datschitzer Gegend it is stated that dry bread even is a rarity in the homes of the working people.

The increase in prices is traced to the action of speculators and rings, who forced up prices at the end of the eighties and the beginning of the nineties; not only meat, beer, wine, but corn, flour, lard, cheese, sugar, eggs, and potatoes, rose in price. The social democrats protested against the artificially enhanced prices as due to indirect taxes and the one-sided Customs regulations, "which foster the exportation of food-stuffs, but hinder their importation."<sup>1</sup>

If proof is required of the injurious effect on health and morals of such poverty and misery as burdens the working classes in Austria, it may be found in the statistics dealing with the death-rate, suicide, and illegitimacy. The death-rate is 25·3 per 1,000, as against 21·5 in Germany, 18·3 in England, and 12·4 in Australia. The rate of illegitimacy varies from 41·1 per cent. in Carinthia, the highest, to 4·2 per cent. in Dalmatia, the lowest rate. It is a remarkable fact that there are over 4,000 suicides, chiefly amongst the poor, every year in Austria. The following table shows the number per 1,000 who committed suicide in 1900 in the following classes:

	Agriculture.	Under-takings not Specified.	Stone and Cognate Industries.	Metal and Machinery.	Alimentary Industries.
Independent	2·0	7·73	8·77	7·06	5·41
Assistant ...	6·91 <sup>2</sup>	24·60	9·22	12·28	17·38

<sup>1</sup> Labour Report, pp. 52-54, 56, 57; Teifen, "Die Besitzenden und die Besitzlosen in Oesterreich," p. 133.

<sup>2</sup> Not counting agricultural and forestry daily-wage earners.

"Death," says an eloquent writer, "first immerses the poor man in passive happiness. In the grave, so empty, hollow, and cold, like the surroundings in which he has lived, he finds the peace which he has sought here in vain."<sup>1</sup> It is to be feared that there are employments of which this sentence is not a very great exaggeration.

The co-operative system was first introduced into Austria between 1850 and 1860. It aims at improving the conditions of the workers by loan societies, which grant cheap credit, by consumers' societies, which supply the necessities of life at a cheap rate and of a good quality, by building societies, by societies for the provision of the raw materials of industry, and others of less importance. Political and national divisions have influenced the development of the co-operative movement, different forms proving most acceptable in certain districts and among certain nationalities.

The loan or credit societies are the most popular, as well as the first form of co-operative society introduced into Austria; and the two chief varieties are those on the models of the systems first established in Germany by Schulze-Delitzsch and Raffeisen. The former admits workmen of all industries, while the Raffeisen societies are intended for the benefit of agriculturists only.<sup>2</sup> The Schulze-Delitzsch societies grant credit for short terms, require monthly contributions, and are run on purely business lines. The Raffeisen societies have a religious basis; each society knows its individual members, and credit is given for longer periods than by the rival system.

As a result of an inquiry made in 1900, as to credit in small industry, the general opinion seems to have been that among the chief merits of the Raffeisen plan was the limitation of the sphere of activity of each individual society, and the consequent personal knowledge

<sup>1</sup> Teifen, p. 224; "Statesman's Year-Book," 1908, p. 745.

<sup>2</sup> Labour Report, pp. 124-126; Mischler and Ulbrich, vol. i., p. 880; Wrabetz, "Genossenschaftliche Grundsätze," p. 69.



which was possible of each member, his means, etc. This advantage, it was urged, would be lacking in great cities, and on this ground it was held that the Raffaisen system was inapplicable to small industry. Opponents of the Schulze-Delitzsch system based their objection on the fact that the members are not chosen from the same industry.

In any case, the Schulze-Delitzsch plan has been of the first importance in the development of co-operative credit in Austria.

The progress made by the Raffaisen societies may be seen from the following figures :

Province.	Number of Societies founded.							Existing Societies.
	1886.	1887.	1888.	1889.	1890.	1891.	Total.	1897.
Lower Austria	—	2	18	27	14	23	84	412
Upper Austria	—	—	—	26	17	2	23	136
Salzburg	—	—	—	—	1	—	1	24
Styria ...	1	—	—	1	—	1	3	117
Carinthia ...	—	—	—	3	8	9	30	63
Carniola	—	—	—	—	1	—	1	41
Tirol and Vorarlberg ...	—	—	1	7	23	24	55	275
Bohemia ...	—	—	3	3	7	4	17	315
Moravia ...	—	1	2	—	1	6	10	180
Silesia...	1	—	2	4	1	2	10	97
Galicja ...	—	—	—	—	—	—	—	12
Dalmatia ...	—	—	—	—	—	—	—	3
Coast Province	—	—	—	—	—	—	— <sup>1</sup>	14
Total ... .. 1,689 <sup>2</sup>								

The Austrian loan societies on the Schulze-Delitzsch system (exclusive of Galicja) numbered 926 registered in 1878, and 192 unregistered ; the number of registered societies rose steadily, and in 1889 there were 1,366 in existence, and 98 unregistered ; membership during the period 1873 to 1889 rose from 63,358 to 501,169.

The Galician loan societies on the Schulze-Delitzsch

<sup>1</sup> Labour Report, p. 126.

<sup>2</sup> "Soziale Verwaltung," Hattinberg, "Die Landwirthschaftlichen Credite Oesterreichs in ihrer gemeinnützigen Ausgestaltung," p. 88.

system increased from 54 in 1874 to 196 in 1889, the membership rising from 18,496 to 182,196 in the same period.<sup>1</sup>

After the loan societies, the distributive or co-operative societies are the most numerous class. These societies do not aim at making large profits, but at eliminating the middle man, combating cartels and trusts, and securing the worker good food at low rates. This form of society has steadily increased, particularly among the German section of the population. There are 361 German consumers' societies, with a total working capital of 5,816,000 florins. Recent conferences have advocated greater centralization and the establishment of good conditions for their work-people. One result of the new movement is the establishment of the Workers' Consumers' Society, in Vienna, which had a membership of 8,000 at the end of the first year, and the formation of the union of the workers' industrial and economic societies, which unites 140 consumers' societies from all parts of Austria.

The first building societies were established in Austria in 1870, but the crash in 1873 ruined many of these, and they did not prosper in the eighties. By 1897 there were thirty building societies in existence, some of which were at the same time industrial. It is hoped that this class of co-operation will receive a powerful impulse from the privileges granted by the law of 1902, for cheap and healthy workmen's dwellings.<sup>2</sup>

The General Union of Co-operative Societies has existed for about thirty-five years. In 1892 there were 181 societies belonging to the union, and this number had risen to 356 in 1902. The object of the union is the formation and advance of the co-operative system in general, as well as of individual societies, and the protec-

<sup>1</sup> Royal Commission on Labour Report, p. 126.

<sup>2</sup> Labour Report, pp. 126, 127; "Soziale Verwaltung," Wrabetz, "Die Erwerbs und Wirtschaftsgenossenschaften in Oesterreich," pp. 19, 27, 31, 45; Licht, "Mittel und Wege zur Genossenschaftlichen Organisation des Kleingewerblichen Credits im Oesterreich," pp. 3, 12, 14, 15, 48, 49, 63, 64; Mischler and Ulbrich, vol. i., pp. 880, 881.

tion of common interests with joint means and strength. The motto of the co-operative system is, Self-help, self-government, and personal responsibility.

The union has had to struggle against many difficulties, the greatest of which have been the indolence of the majority of German unions and the lack of solidarity in the co-operative system. For twenty years the union strove against serious financial difficulties, but since 1892 the yearly deficit has been replaced by a surplus.<sup>1</sup>

The first special legislation relative to the co-operative societies in Austria was the enactment passed in 1873, which regulated societies with unrestricted membership which aim at promoting larger profits or more economical expenditure on the part of their members, either by conducting their business on a common basis or by advancing money to them on credit. In 1880, and again in 1885, this law received amendments. According to that of 1885, the societies to which the provisions of the law apply include not only the registered societies specified in the law of 1873, but also independent unregistered co-operative associations which carry on business with their own members only. In the early nineties the reform of the law with regard to co-operative societies was discussed, and several Bills were prepared. Finally, in 1903, a law was passed which amends the law of 1873 by supplying one of its many omissions. This *Revisions Gesetz* is drawn up on the basis of the German law, and provides that the books and conduct of the societies shall be subject to examination every two years by a reviser. On the basis of the law of 1888 and a further law of 1897, a decree was issued providing that *Instruktoren* should be appointed to further the formation of institutions in the economic, educational, and humanitarian interests of the societies' members and dependants. At the present time the law as to co-operations is far from complete, and there is great need of further legislation,

<sup>1</sup> Wrabetz, "Genossenschaftliche Grundsätze," pp. 63-65.

particularly as to the transition from unlimited to limited liability.<sup>1</sup>

The system of Post-Office savings banks, though only introduced into Austria in 1882, has reached a considerable development. In 1883 a system of cheques was instituted, which added greatly to the usefulness of the banks, and in 1887 an Act was passed further regulating the cheque system and placing it under a separate management from the deposits. The number of the depositors has steadily risen. Between 1893 and 1903 they increased from 40 to 65 per 1,000 of the population, and the average amount of credit per head of the population rose from 2s. 3½d. to 5s. 6½d., while the figures for 1904 and 1905 show a constantly increasing prosperity. As regards the class of the depositors, the hopes entertained at the outset, that the banks would encourage the poorest classes to thrift, have been disappointed. The depositors are chiefly children, and students, and the well-to-do members of the community. It should be added that the Post-Office savings bank purchases the Government stock to an annual average amount of £625,000, and the institution is, according to the Foreign Office Report, "apart from this occasionally called upon to strengthen the price of stocks. . . . It is, in fact, a kind of savings bank worked by the State."

Private savings banks have existed in Austria longer than the Post-Office savings banks. In 1819 the first of these banks was founded in Vienna, but it was intended to be a benevolent institution rather than a business undertaking. In 1830 six savings banks were in existence, and in 1834 a law was passed requiring the sanction of the Government for the foundation and regulation of such banks, of which there are now three kinds—the association, the communal, and the district. In number these banks rose from 444 in 1892 to 566 in 1901. There was a corresponding increase in the number

<sup>1</sup> Labour Report, pp. 124, 125 ; Mischler and Ulbrich, vol. i., pp. 881-884. "Bericht der Genossenschafts Instruktoeren des K. K. Handels Ministerium," October, 1899, to December, 1902, p. 9.

of depositors, and a rise in the average amount to credit per head of the population from £4 16s. 6d. to £6 2s. 11d. In 1905 there were 595 banks and 3,546,572 depositors. Far the largest number of these banks is in Bohemia.<sup>1</sup>

The first attempt at systematic and uniform relief of the poor was instituted in 1783 by parochial relief. Under this scheme poor relief was administered by the priest of each parish, assisted by the elected guardians, and all the accounts had to be published. By a law made in 1789 it was enacted that any person who had resided in a parish for ten years should be entitled to support there, while others should be sent back to the place of their birth. The originally wide scope of parochial poor relief was thus narrowed down to that of a purely local institution. No further legislative change of any importance took place till the law of domicile was passed in 1863. By a series of provincial laws passed between 1869 and 1883 the parochial system of poor relief was entirely abolished in Upper and Lower Austria, Carinthia, Carniola, and Silesia. Special laws in various provinces regulate the nature of the provision to be made, while the law of domicile lays down the general principles of poor relief. Thus, any person who cannot obtain the necessary means of subsistence, either from the members of their family or from any unions, guilds, or benefit funds, upon which they may have a claim, are entitled to assistance, in the first instance, from the commune; secondly, from the district; thirdly, from the province to which they belong. Every person desirous of receiving poor relief must apply for it in person. If the applicant has not a settlement in the commune, the authorities are bound to undertake his immediate relief and ascertain in which commune he has a settlement, from which said commune compensa-

<sup>1</sup> Max Marse, pp. 45-48; Labour Report, p. 128; Mischler and Ulbrich, vol. iii., pp. 963-965; "Soziale Verwaltung," Wacek, "Die Oesterreichische Postsparcasse," pp. 1, 59; Foreign Office Reports, No. 3,343, Annual Series, pp. 33, 34.

tion for his maintenance may be obtained. In the case of persons having a settlement in the commune *Gemeinde*, it is necessary to prove that their families are unable to support them, and that they have no legal claim on anyone else. The assistance must consist of board and lodging, and, in case of sickness, medical attendance and medicines also. In the case of the mentally afflicted, they must be maintained in a public institution; orphans must be maintained and educated. Persons who die in a state of destitution must be buried at the expense of the commune,

The funds available for poor relief are derived from voluntary contributions, and such sources as the poor's third of the property left by intestate secular priests, and certain percentages on the proceeds of voluntary sales. These funds are variously augmented in the different provinces—for example, by the proceeds of theatre taxes and game licences. Should these sources be exhausted,<sup>1</sup> the commune of origin must make provision. By the erection of houses for forwarding vagrants to their proper communes, a great step was taken towards the suppression of begging. Besides poorhouses and poor relief, there exists in many provinces, by custom or constitutional rule, the practice of assigning the poor, in respect of board and lodging, to each of the resident householders in fixed succession.<sup>2</sup>

The Elberfeld system, which is the prevailing type of poor law administration in Germany, was first introduced into Austria in 1889, in which year it was adopted by the town of Trautenau, in North Bohemia. The chief characteristic of this system is the principle of minute personal investigation and supervision of all cases requiring relief. For this purpose a town is divided into districts, each of which is subdivided into a number of sections. For example, in Elberfeld in 1895, each of the twenty-six districts was divided into fourteen sections.

<sup>1</sup> Labour Report, pp. 130, 131; Mischler and Ulbrich, vol. i., pp. 320-323; "Soziale Verwaltung," Mischler, "Die Öffentliche Armenpflege in Oesterreich," pp. 30-33; "Statesman's Year-Book," 1908, p. 750.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 750.

For each district there is an overseer, and for each section a visitor. These offices are compulsory and unpaid. The visitor thoroughly investigates the circumstances of each case with a view to giving all necessary help without encouraging dependence. Each visitor is entrusted with only two cases at a time, as a rule, since the essence of the system consists in an intimate personal relation between the almoner and recipient. There is no such thing as a relieving officer, the whole system being based on voluntary service, and it is an outdoor system, in that there is no test. There is also no workhouse; but although there is no workhouse, there is a great deal of indoor relief. The municipal institutions include the poorhouse, the town hospitals, schools for orphans and deserted children, and a shelter for the homeless. The whole of the work of personal supervision is, as we have seen, gratuitous.

The success of the Elberfeld system was repeated at Trautenau. The attention of the Government was drawn to the experiment, and in 1890 the Minister of the Interior published an official account of the system for the information of local authorities. Although the subject was eagerly taken up for a time, it did not receive a wide extension, owing to the difficulty of carrying on the Elberfeld system without clashing with the law of domicile. Nevertheless, each year saw it adopted by some town of importance: for instance, Salzburg (1893), Linz (1899), Innsbruck (1897), Graz (1899)—in every case with satisfactory results; and it is likely to extend still farther.<sup>1</sup> On hospitals, orphanages, and poor relief, in 1908, the Austrian provinces, exclusive of Carinthia, Vorarlberg, Bohemia, Istria, and Dalmatia, expended 6,487,404 crowns. Vienna and other municipalities, with a total population of 3,291,624, expended for similar purposes 20,716,964 crowns. Besides this, there were, at the end of 1908, 1,517 crèches, kinder-

<sup>1</sup> Labour Report, p. 131; Drage, "Problem of the Aged Poor," pp. 264, 265; "Soziale Verwaltung," Mischler, "Die Öffentliche Armenpflege in Oesterreich," pp. 34, 35.

garten, etc., with 119,366 children ; 242 orphanages, etc., with 14,685 children ; and 1,685 poorhouses (*Versorgungsanstalten*), with 39,730 inmates. The expenditure of the poorhouses alone was 8,748,746 crowns, or 0·81 crown per head per day.<sup>1</sup>

Although technical education in a rudimentary form dated from the reign of Joseph II., it was not until the erection of the Technical Teaching Institution (Prague, 1806 ; Vienna, 1815) that the first foundations of proper industrial education were laid. The *Alte Realschulen* were called into existence in the fifties, but they lost their industrial character in 1867. At last, in 1873, technical education became the subject of effective Governmental activity, and several industrial technical schools were founded one after another. Finally, in 1882, the industrial technical schools were placed under the administration of the Minister of Education, and from that date technical instruction has been systematically and uniformly developed.

The Government, especially in recent years, have spared neither care nor expense to bring the system to a high state of efficiency, and Austria is now covered by a "thick net" of industrial schools (1,235 in 1903-04). In 1906 the annual State expenditure was, in round figures, 10,248,000 kronen ; and in addition the provinces and local bodies (*Factoren*) contribute about 150,000 kronen. Under this system the poorest lad can become a highly trained artisan, and may even rise to become the greatest scientist. In every industrial place and district, and for every important branch of trade in Austria, industrial schools have been founded. In consequence of the varied nature of industrial enterprise and local conditions, the plan of instruction in the schools presents great variety. Age, sex, trade, and category of industrialist are all taken into consideration. Thus, the higher technical school receives students who have already had some education at a *lycée* or a superior primary school, and are destined to be heads of

<sup>1</sup> "Statesman's Year-Book," 1908, p. 750.



establishments or skilled employés in large enterprises.<sup>1</sup>

The special schools are intended to "finish" the pupils in some trade. In these instruction is chiefly practical, the theoretical side being left in the background. The instruction lasts for three or four years, and serves instead of apprenticeship. Among the special schools may be cited those for lace, textile industries, wood, stone, glass, machinery, jewellery, and electricity.

Then there are the "master's" schools, which give theoretical and practical instruction to those already in possession of a certain amount of practical knowledge, with a view to enabling such learners to set up for themselves later. Before students are admitted they must have the certificate of the primary school, and have had several years of practical experience.

Fourthly there are the preparatory schools for the children of twelve years of age, who obtain a more specialized technical education than is given in the primary schools. The instruction is given largely in drawing, and lasts for two or three years.

Lastly there are additional technical classes or continuation schools for apprentices, which are compulsory, and are held in the evening and on Sunday forenoon.

In addition to these five types of technical schools there are a large number of drawing halls; there are industrial museums in provincial capitals, and two large industrial museums in Vienna, which serve as main sources of education for the whole of Austria. The latest, most scientific, and most artistic methods of producing the wares of the district are taught in the industrial centre of every locality. Hence, in spite of the crushing burden of military duty, Austria has in the last twenty-five years made great strides onwards in industrial life and prosperity.<sup>2</sup>

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 555-557; Schindler, "Taschen Kalender zum Gebrauche bei Handhabung der Arbeiter-Versicherungsgesetze," 1902, parts i. and ii., pp. 36-76; Max Marse, p. 119; Baker, pp. 5, 6, 7, 32, 33, 73; "Report on Technical Education" (Board of Education).

<sup>2</sup> Max Marse, pp. 111-113, 119; Baker, pp. 5-7, 32, 33, 35-43, 68-73.

## 8. LABOUR LAWS, INSPECTION, INSURANCE.

Complaints of the ineffectual execution of the labour laws are frequently made at the conferences of the socialists, while private inquiry and the official reports of the Government inspectors furnish further corroborative evidence of this fact.

The present elaborate system of factory inspection was successfully introduced into Austria in the eighties.<sup>1</sup> Previous to that date a species of industrial inspection had existed in industrial regions, such as Bohemia, but the inspection was not uniform, and differed in scope and character from that instituted by the law of 1883, as the modern law refers primarily to the relations of employer and employed, a task which was foreign to the old factory inspection, and necessarily foreign in consideration of the relations of the period. The law of 1883 empowered the Austrian Minister of Commerce to appoint factory inspectors, under a chief inspector, to superintend the execution of the legal provisions regulating the relations between employers and employed. These inspectors must possess a certain amount of technical knowledge, and be able to speak the languages common in their respective districts. Their jurisdiction extends over all factory owners, and also over small employers of labour, merchants, innkeepers, and directors of the means of transport. It is the duty of the inspectors to inquire into the arrangements for promoting the health and safety of operatives, hours of labour and intervals allowed for rest, labour certificates, factory rules, question of wages, the dismissal of workmen, and the training of young workmen. Subsequent enactments have enlarged the inspectors' sphere of activity. By a law of 1885 they were empowered to visit industrial education institutions; by another, of 1886, the State tobacco factories and private powder factories; by another, of 1891, the State penal industrial establish-

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 540, 545; Labour Report, p. 18; Max Marse, p. 136.

ments ; while the law of 1887 gave them considerable powers in the matter of accident insurance.

The inspectors' powers include the right to enter the factories and workmen's dwellings at any hour of the day or during the night, if work is being done, and they may question any person employed in the factory as to the conditions under which the work is being carried on. If the employer refuses to rectify abuses when his attention is called to their existence, the inspector must appeal to the local authorities. Annual reports are sent to the Minister of Commerce by the inspectors, and these contain statistics of accidents and suggestions as to legislative and administrative reforms.

By the Housing Act of 1902, the ever-widening sphere of the inspector's activity was again extended by the additional duty of supervising the buildings benefited by the law.<sup>1</sup>

The chief flaws in the Austrian administrative system of inspection are the weakness of the inspectors' authority, and the organization of the authority before which they lay complaints. At present the inspectors have merely the right of protesting and notifying, while the boards are overburdened with agenda, and are frequently deficient in technical knowledge relative to special cases brought before them ; again, work is frequently done twice over. In fact, a definite authority (*Positivgewalt*) is required.

The central inspection office which was erected by the law of 1883 has the duty of preparing the yearly report of the inspectors, in which complaints and suggestions for legislation are made. The territorial sphere of activity of the inspectors has been gradually curtailed, owing to the increasing burden of duties imposed upon them by the growth of industrialism and the development of social legislation. Thus, the original nine inspectorial districts of 1894 had by the rearrangements of 1889, 1893, 1896, 1899, 1901, 1902, 1903, and 1904, been

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 540, 543, 545-547 ; Labour Report p. 18 ; Max Marse, p. 136.

gradually subdivided into thirty-four. The inspectors have received since 1889 assistants (entitled *Kommissäre*, 1898), who exercise their duties in the name of the inspectors, and have, like the inspectors, to take the oath of secrecy. In 1904, 21,173 establishments were visited, 8,013 using motor power. In these establishments there were 893,000 workers, an average of forty-two per establishment. Complaints were lodged to the number of 5,760 by the workers and 3,399 by the employers. The efficiency of the inspectorate is testified to on all hands, and their popularity is proved by the constant appeals for additions to their staff and the increase of the number of applications made to them to act as mediators between employers and employed. Women inspectors have been appointed, and, far from meeting with opposition, have been favourably received (1905-06).<sup>1</sup>

The reports of the inspectors are an arsenal of information as regards the conditions of the working classes, and serve to corroborate the statements of socialists and of partisan writers like Teifen.

The latest report (1906) shows that the number of uncertified premises tends to increase rather than decrease, perhaps owing to the outburst of industrial prosperity and the large number of new undertakings. Adequate precautions are still neglected in works using inflammable materials, such as benzine, while the dearth of cloak-rooms and lavatories is still the subject of complaint. Again, although in some new establishments excellent modern sanitary arrangements have been installed, in others, and especially in the southern districts of the Empire, they amount to "a calamity," being extremely primitive or actively unhealthy.

As in former years, evils of every sort are reported as existing in the alimentary, and particularly in the baking, industry, while in dressmaking overcrowding

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 545-548; Labour Report, p. 19; "Bericht der K. K. Gewerbe Inspektoren," 1903, pp. 109-112, and volume for 1906, pp. lxxviii-lxxx.

and bad workrooms are described as "typical" of the trade.

The 1906 report further shows that the question of emergency exits has not yet been sufficiently attended to, and these are in many instances blocked by goods; while in one case the exit was found to be doubly locked! In small industries the old complaints of bad ventilation, the constant use of artificial light, and overcrowding, still recur; but in large establishments an improvement, especially as regards light and ventilation and the elimination of dust, is reported. Again, structurally the large factories now give little cause for complaint, but in small industries, and especially in the case of small sawmills, old ramshackle buildings, giving free access to wind and weather, are frequently met with. Conditions in the small industry clothing establishments were reported in 1903 as being peculiarly bad. The rooms were overcrowded, evil-smelling, and badly ventilated, and some, indeed, were stigmatized as centres of infection, dangerous not only to the workers in them, but to the public at large. This report also speaks of the dirt of textile factories, on the walls and windows of which lie the accumulated dust and fluff of years, vitiating the atmosphere and excluding the light.<sup>1</sup>

Another complaint urged, especially against the tile works, in the same year, was the habit of transforming the platform of the annular kiln into a regular sleeping and work place, in spite of the excessive temperature caused from the heating of the ovens. In one instance the factory owners had gone so far as to instal machinery on the platform, and work was regularly performed there, even on the hottest summer days.

Complaints are still made of the illegal employment of women and children and disregard of the legally fixed intervals; but, on the other hand, Sunday rest is

<sup>1</sup> "Bericht der K. K. Gewerbe Inspektoren," 1906, pp. lxxxi-lxxxiv, lxxvi-xciv, cix, cxiii, and volume for 1903, pp. 63-68, 82, 83, 106-112.

said to be more generally observed than in former years. Legal restrictions as to hours, especially in seasonal trades such as building, are almost universally disregarded, but, taking the general average, hours have fallen below the legal maximum, as the average day now varies between ten and ten and a half hours.

The present compulsory insurance against sickness and accident is based upon the principle of State compulsory insurance, borrowed from Germany. Sick insurance was introduced to a limited extent by a law of 1837 and by the industrial order of 1859, but it was not properly established until the law of 1888 and the amending Act of 1889.

In 1869 a special law was passed relating to accidents occurring to workmen in the employment of the railways; but otherwise the employers' liability was not provided for by law. Proposals for accident insurance had been brought forward by the Minister of Finance as early as 1882, but it was not till 1887 that a law was passed. In 1894 the law was extended to fresh categories of workers, including railway employes, workers in undertakings for cleaning the streets, chimney-sweeping, stone-cutting, etc. Accident insurance may be said to cover the field of large industry fairly well, but its application to small industries, and especially to agriculture, is found very difficult, owing to the temporary use of machinery and the changing personnel employed in working machines in the latter.

The law of 1894 also entitles persons exempt from insurance, but employed in works in which the lower members of the staff are obliged to be insured, to insure themselves voluntarily in the institutions erected on the basis of this law. The Act of 1894 resulted in a considerable extension in the number of those subject to compulsory insurance—namely, 140,000 of the railway staff and 45,000 other workers in industrial undertakings. In 1897 there were insured, amongst others, 268,130 textile workers, 264,050 workers in the building

trade, 226,494 railway employés, and 165,657 persons engaged in stone and clay industries.<sup>1</sup>

A feature of Austrian insurance is that it is collective—that is to say, it applies in general to the whole personnel of an industrial establishment, and not to the individual as such. Thus, all the employés in work subject to insurance are insured, irrespective of whether the individual employed is engaged in working machinery or not. Only in agricultural work in which special individuals—*e.g.*, threshers—are employed in working with machinery is the insurance obligation applicable to the persons so employed. The accident insurance does not apply to persons employed by the State, or by provincial, communal, or other public authorities, who are entitled in case of accident to a pension of equal or superior value to the compensation given under the law. Further, in the Austrian accident insurance system the principle of division is territorial, and not, as in the German system, according to trades. The Empire is divided into seven districts, with a central institution or association in each. The associations, which are individually under the direct management of a board, one-third of which consists of workers, one-third of employers, and one-third of Government representatives, are under the supreme control of the Minister of the Interior. A court of arbitration is established in connection with each association, to which all disputed claims for compensation must be referred, and its decisions are final.

In 1901, 6,068 complaints—that is, one case in every four accidents—came before the court of arbitration. The workmen and officials insured are entitled to a certain allowance in case of temporary or permanent incapacity to work. For the first four weeks after the accident the injured person is supported by the sick insurance association of which he is a member. After that he receives an allowance for the rest of his illness—

<sup>1</sup> "Bericht der K. K. Gewerbe Inspektoren," 1906, pp. lxxxi-lxxxiv, lxxxvi-xciv, cix, cxiii, and volume for 1903, pp. 63-68, 82, 83, 106-112; *Labour Report*, p. 19; Mischler and Ulbrich, vol. ii., pp. 545-550.

60 per cent. of the year's wages in case of complete incapacity, and in case of partial disablement a percentage relative to the extent to which he is incapacitated, but in no case more than 50 per cent. In case of death, the burial expenses are provided, and compensation to the survivors. The widow receives 20 per cent. till her death or remarriage; children 15 per cent. till their fifteenth year, illegitimate children 10 per cent.; but the joint allowance of widow and children may not exceed 50 per cent.

The claims of railway officials, by virtue of the law of 1902, are higher than those employed in other industries—namely, the full amount of the wages instead of a percentage.<sup>1</sup> The cost of the insurance is supposed to be shared by the employer to the extent of 90 per cent., and the employed to the extent of 10 per cent., but in actual practice the whole cost is generally defrayed by the employer. The contribution paid by an establishment is in proportion to the dangerous nature of the undertaking. At the end of 1901 339,982 establishments were insured, with an average personnel of 2,530,178; the number of accidents notified were 81,605; the accidents for which damages were paid were 24,134. The receipts of the institutions were 32,163,198 kronen, and the expenditure 18,192,959 kronen.

Sick insurance as established in 1889 applies to all work-people and officials of either sex and any age in all branches of industry except marine navigation, fishing, domestic industries, agriculture, and forestry. In case of illness assistance is given in money, medical advice, and medicine. Should death occur before the maximum duration at which the assistance to be given by the sick funds is fixed, the fund provides for the burial of the deceased. The cost of sick insurance is defrayed to the extent of two-thirds by the workers,

<sup>1</sup> Labour Report, pp. 115, 116; Mischler and Ulbrich, vol. i., pp. 263-266, 273, 274, 276, 290; "Soziale Verwaltung," Kaan, "Die Arbeiter Unfallversicherung in Oesterreich," pp. 3-6.



and to the extent of one-third by the employers. In 1901 there were 2,935 sick funds; the average membership was 2,538,896; the receipts, 49,004,000 kronen; the expenditure, 41,507,000 kronen. The principle on which the whole sick insurance system rests is that every person to whom the law applies is *ipso facto* a member of the district sick fund in the locality in which his work is situated. In addition to the district funds, there are five classes of sick funds—namely, the miners' friendly societies, guild sick funds, independent sick funds, factory and building sick funds. The miners' friendly societies are old institutions under the law of 1854, as further amended in 1889, and regulated by ordinance in 1889, 1890, 1891, 1892, and 1893, and provide for old age as well as sickness and accident.

The minimum benefits which all funds must provide are free medical attendance, with medicine and appliances, and, in case of incapacity for work, an allowance of 60 per cent. of the usual wages.

Throughout the nineties and in still more recent years the reform and extension of sick and accident insurance have been much discussed. A wider application of compulsory insurance, a more concentrated system, old age pensions, the formation of sick union funds, are among the suggestions made.<sup>1</sup>

In 1904 a reform programme was drawn up, and since that date the advisory labour council (*Arbeitsbeirat*) has been engaged in collecting material on the subject preparatory to drawing up a legislative proposal. The basis of the Bill introduced on November 3, 1908, relative to insurance, was the programme of 1904. The Bill deals with the insurance of the aged and infirm, as well as with insurance against sickness and accident. It further makes provision for dependents, and includes independent home-workers in its scope.

<sup>1</sup> Board of Trade, "Provision for Old Age," 1899, pp. 53, 54; paper supplied to me by the "Arbeits-statistisches Amt.," Mischler and Ulbrich, vol. i., pp. 231, 257, 277; Max Marse, pp. 141, 142; Labour Report, pp. 116, 119-121; "Soziale Verwaltung," Mayer, "Obligatorische Arbeiterkrankenversicherung," p. 47; Schindler, pp. 22, 58, 59.

Dr. Baernreither, in his book on Social Insurance, speaks of the need for reform in that system, which "came painfully to birth," and was, owing in part to political difficulties, subsequently neglected. The writer lays stress upon the weighty nature of the problem—one of the greatest which confronts the present Governments—and gives a warning against the danger of over-centralization in the administration of the revised system.<sup>1</sup>

The difficulties in the way of enforcing compulsory insurance in agriculture and small industry have up till now prevented the drafting of a comprehensive insurance project like the Bill of 1908; and even now grave misgivings are expressed as to its financial side.

#### 9. SOCIAL POLICY OF THE GOVERNMENT.

As we have seen in the preceding pages, the Government of Austria has in recent years made every effort to develop the resources of the country, while a long series of legal enactments have been passed, and constant efforts are being made with the object of improving the conditions of the labouring population. The latest instance of this policy is afforded by two Bills—the one prohibiting the night-work of women in factories, and the other forbidding the employment of white phosphorus in the manufacture of matches—which were passed by the Lower House on December 19, 1908. The estimates of the Ministry of Commerce alone supply a proof of the active interest taken by the State in all matters concerning the social and economic welfare of the people, and the increasing expenditure which the State has taken upon itself to insure the national well-being.

Various Government departments have been created in recent years in pursuit of this social policy. Thus,

<sup>1</sup> *Soziale Rundschau*, July-August number, 1908, pp. 42, 43; "Bill Relative to Social Insurance" (supplement to No. xi. of *Soziale Rundschau*, 1908), pp. 1, 2, 131, 132; Baernreither, "Grundfragen der Sozialen Versicherung in Oesterreich," pp. v, vi, 88, 89, 90, 92, 93.

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in the early nineties the department for the promotion of trade was formed, which had a chief share in the resuscitation of small industry, principally by enabling the master mechanic who had but little capital to purchase small machines and tools, and by starting masters' courses for their better education. In 1898 the Labour Statistical Office, to which this chapter is deeply indebted, was erected, and for the further support of this office the advisory labour council of employers, workmen, and technical experts has been appointed. The work of the office is to collect, elaborate, and publish periodically, data with regard to workmen and industry generally, as well as with regard to social legislation and administration. To the advisory labour council is entrusted the duty of formulating suggestions based on the information so collected. There is a special monthly magazine, entitled the *Soziale Rundschau*, published by the department, which reviews social policy at home and abroad, and is a perfect mine of valuable information.

In spite of socialist agitation and Government reform, much still remains to be done in the sphere of social legislation. Children's work in *Hausindustrie* and agriculture, as well as irregular employment, are still unregulated by law.<sup>1</sup> Interest has, however, at last been awakened in this question, and on January 30, 1908, the Minister of the Interior issued a decree relative to children's employment, and an inquiry is now being made with a view to legislation.<sup>2</sup> A recent private inquiry undertaken by the teachers' organization showed that large numbers of children of school age are employed in agriculture and industry. Again, there are no legal standards as to common labour (*Lohnarbeit Gemeinster Art*), and no special regulations as to home industry. The same is true of the conditions of labour for persons

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 31, 32; Mischler and Ulbrich, vol. i., pp. 156, 316; Max Marse, pp. 139, 140.

<sup>2</sup> *Soziale Rundschau*, March, 1908, p. 231, and October number, 1908, pp. 353-357.

employed by banks and credit institutions and those employed by private individuals. Inquiry is also required and further legislation as to methods of paying wages and deductions from wages.

Further, from 1872 until the end of the nineties an agitation was kept up in favour of labour chambers, to form a mouthpiece of the wishes and requirements of the working classes, and to watch over the interests and general conditions of labour in their special districts. The first practical attempt to form chambers of this kind was made in 1886, when three members of the Liberal party in the Lower House introduced a Bill with this object. The Bill was referred to a special committee, which took evidence from representative working men from the different territories. The majority of the witnesses were in favour of the formation of labour chambers if they were allowed sufficient power and independence. In 1891 an amended Bill was brought in, but it was thrown out by a majority of the House. The question of the institution of labour chambers gradually fell into the background in the nineties, as the wishes and requirements of the lower classes received increasing consideration, and, as with the extension of the franchise in 1896, the desired mouthpiece for the expression of those wishes was obtained. Finally, the need of these chambers was still further obviated by the universal suffrage law of 1906.

The general opinion appears to be that the State, in its capacity as a large employer of labour, sets a high standard to other employers, not only as regards wages, hours, and conditions of labour, but also in such matters as the care for the sick, injured, invalid, and aged employes, the improvement of the condition of the able-bodied by means of baths, libraries, restaurants, nurseries, kindergartens, and schools. Inquiries have shown that the examples set in this respect by the State have been equalled, if not outdone, by many large

employers.<sup>1</sup> On the other hand, Teifen is unwilling to admit that the State is by any means an ideal employer. The wages paid in the tobacco factories and the salt works may be better than those which would be given by the private employer, but they are, in his opinion, very insufficient. Again, the imperial order of 1859, exempting State monopolies from the provisions of the Industrial Code, gives a loophole, not only for the sale of tobacco, but also for the sale of other wares which are frequently stocked by small tobaccoists in contravention of the law with regard to Sunday rest. In reply to Teifen's indictment, it must be stated that his views appear to be distinctly prejudiced, and that in describing the wages of salt workers, for instance, he omits any reference to the perquisites these workers enjoy. With regard to the tobacco factories, the inspectors certainly mention the sanitary arrangements in terms of praise, and the workers enjoy many privileges, such as a pension for life after fifteen years of consecutive service, if they become incapable of supporting themselves and have no other means of livelihood. The pension for twenty-five or thirty years' service is higher, and there are other advantages, such as sick funds, restaurants, schools, and co-operative stores, which must be mentioned.<sup>2</sup>

Assistance in finding employment for persons out of work was for a long time left almost entirely to private and voluntary efforts. By the regulations of the Industrial Code, the guilds are enjoined to keep registers of their members who are out of work, and of employers in need of labour; but this has been inefficiently done. Even if the guilds fulfilled their duties in this respect, it would affect only a small section of the work-people.

<sup>1</sup> Mischler and Ulbrich, vol. i., pp. 156, 157; Labour Report, p. 134; Max Marse, p. 149; "Die Wohlfahrts Einrichtungen der Arbeitgeber zu gunsten ihrer Ausgestellten und Arbeiter," vol. ii., pp. 11-15, 348, 349, 357.

<sup>2</sup> Teifen, pp. 98-100; Labour Report, pp. 112, 129; Max Marse, p. 131; Mischler and Ulbrich, vol. i., pp. 203-205; paper supplied to me by the "Arbeits-statistisches Amt."

The first public employment bureau was erected in Vienna in 1885. This bureau was especially designed for those employed in factories and industries in which no guilds existed.<sup>1</sup>

By the year 1894 several trade unions and friendly societies had incorporated employment agencies, in addition to the associations which had this object solely in view. Again, the relief stations established in several provinces in connection with the poor law system acted as labour bureaux. In the nineties the demand for a State labour registration became urgent, and in 1898, and again in 1899, Bills with this object were introduced.

Imperial labour registration is still to be created by law, but the whole subject is engaging the attention of the Government, which is taking measures in the meantime, by subsidizing old and new agencies and by collecting and publishing statistics relative to the extent of unemployment and the work of labour bureaux.

Labour registration is carried on largely through the medium of associations, trade unions, relief stations, and general *Arbeitsnachweise*, the latter being for the most part State or district institutions.

The various provinces have recognized the necessity of taking steps to solve the problem of unemployment, but Bohemia alone has passed a provincial law regulating labour registration for her territory. By the Bohemian law of 1903 labour registration is put on a territorial basis, and is incorporated with the relief stations, though other independent labour employment agencies are permitted.

The erection of labour bureaux is part of the communal social policy. Such bureaux have been erected in recent years in Vienna, Bremen, Laibach, Lemberg, Prague, Reichenberg, and other towns, and the active business done by them is very considerable.<sup>2</sup>

<sup>1</sup> "Bulletin of the Bureau of Labour," May, 1908, p. 796.

<sup>2</sup> "Bericht über die Tätigkeit des K. K. Arbeits-statistischen Amtes," 1900, 1901 1906; Mischler and Ulbrich, pp. 203-205; paper supplied to me by the "Arbeits-statistisches Amt."

By far the most important is the Vienna municipal bureau, which plays a large part in the city life. In 1906 this bureau found places for no less than 148,121 persons.

"Every week a list of all the applications for employment and for help is classified according to the trades, and printed and posted in all districts of the city." Applicants are sent in the order of their application generally, but precedence is given to those having children dependent upon them, or to persons having a legal residence in Vienna.

This bureau has met with the greatest success. At the end of the first year forty of the trade guilds handed over their employment agencies to the municipal bureau, and by 1902 this number had increased to forty-six. In 1903 the bureau further extended its activity to domestic service, and by October of that year eleven district employment offices had been opened for women servants and one for men servants.<sup>1</sup>

Although many provinces of the Austrian Empire have shown great activity in the establishment of public and other employment bureaux, yet the results cannot be easily analyzed or tabulated owing to the very great variety of methods adopted for their organization in the different parts of the Empire.

The widely diverse forms of provincial, and especially local, government complicate statistics relative to the labour bureaux, but there are certainly no fewer than six chief classes of employment bureaux, and many variations in each class. According to the "Bulletin of the Bureau of Labour," the public bureaux, which are chiefly after the German model, are "by far the most successful" of all the employment institutions.

The relative numbers and activities of the bureaux of various kinds can be seen from the tables on the following page :

<sup>1</sup> "Bulletin of the Bureau of Labour," May, 1908, pp. 796, 797.

## THE EMPLOYMENT BUREAUX OF AUSTRIA.

Kind of Bureau.	1905.	1906.
Public ... ..	611	768
Guild or employers' unions ... ..	311	458
Trade unions ... ..	260	498
Other organizations ... ..	336	448
Charitable organizations ... ..	72	82
Commercial ... ..	532	492
Relief-stations ... ..	7,828	7,563
Total ... ..	9,950	10,309 <sup>1</sup>

The activities of these bureaux in 1905 and 1906 were as follows :

APPLICATIONS FOR HELP AND FOR SITUATIONS, AND SITUATIONS SECURED THROUGH EMPLOYMENT BUREAUX OF EACH KIND, AND PERCENTAGE OF SITUATIONS SECURED OF APPLICATIONS FOR HELP AND FOR SITUATIONS, IN AUSTRIA, 1905 AND 1906.

Kind of Bureau.	Year.	Applications for—		Situations secured.	Percentage of Situations secured of Applications for—	
		Help.	Situations.		Help.	Situations.
Public ... ..	1905	273,250	333,708	209,065	76·51	62·65
	1906	349,209	371,553	248,624	71·20	66·91
Guild or employers' unions ... ..	1905	35,560	42,277	30,377	85·42	71·85
	1906	43,257	47,431	36,555	84·51	77·07
Trade unions ... ..	1905	16,498	29,651	13,815	83·74	46·59
	1906	28,579	46,321	23,296	81·51	50·29
Other organizations ... ..	1905	29,581	48,640	17,809	60·20	36·61
	1906	41,925	41,179	25,701	61·30	62·41
Charitable organizations ... ..	1905	9,970	6,339	5,087	51·02	80·25
	1906	12,485	6,960	5,411	43·34	77·74
Commercial and domestic ... ..	1905	51,006	40,794	31,003	60·78	76·00
	1906	47,458	36,181	27,899	58·79	77·11
Total ... ..	1905	415,865	501,409	307,156	73·86	61·26
	1906	522,913	549,625	367,486	70·28	66·86 <sup>2</sup>

In 1907 the work of the public bureaux continued to increase rapidly in volume, more especially during the winter months.<sup>3</sup>

<sup>1</sup> "Bulletin of the Bureau of Labour," May, 1908, pp. 793, 794; "Ergebnisse der Arbeitsvermittlung in Oesterreich im Jahre 1906."

<sup>2</sup> "Bulletin of the Bureau of Labour," May, 1908, p. 794.

<sup>3</sup> *Der Arbeitsnachweis*, April, 1908, pp. 53-55.



## CHAPTER IV

### AUSTRIAN COMMERCE

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#### 1. INTERNAL COMMERCE.

BEFORE the reign of Charles VI., such internal commerce as existed was confined within the several provinces of the Austrian dominions by the system of internal tolls. Each province, economically speaking, was a separate State on the defensive against the other lands of the common Empire. The first step towards the conditions conformable to the needs of modern commerce was taken with the breaking down of the internal barriers. This process, begun under Charles VI., was not completed until the third decade of the nineteenth century, at which time the Tirol, the last of the provinces to be admitted to internal free trade, was incorporated, together with the newly acquired Lombardo-Venetian kingdom, in the Customs territory of Austria.<sup>1</sup>

Before the Austrian merchant could benefit by the freedom thus established, the country needed to be

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 170, 171, 175.

opened up, and communications improved, so that he could convey his goods, without too great expenditure of time and money, to the new markets now accessible farther afield. In the early days of the nineteenth century the imperial mail or the private stage-coach lumbering along the rough highway was the sole public conveyance, while the far from extensive roadway system was the only practicable means of communication, since the rivers were unregulated and subject to floods, and there were but few canals to join these waterways.<sup>1</sup>

As early as 1824 there is mention of a railway, a horse tramway line, which was followed thirteen years later by the first steam railway. Railway extension was, as we have seen, characterized by spasmodic activity, the Government retaining a certain control over railway enterprise, but endeavouring, at the beginning, to attract private capital. The new concessions law of 1854 encouraged private individuals to embark in railway construction, but in 1858 the State found itself compelled to guarantee 5 per cent. interest in order to insure the construction of particular sections. After the crisis of 1873 the State was forced to raise these guarantees, both in order that railway extension might be continued, and as a form of relief works for the great army of unemployed which had mustered from slack business houses or closed works. In consequence, however, of these guarantees, difficulties and complications arose, and the State again tightened its hold on the railway system. Some private lines were taken over, and in 1877 the Act of Sequestration was passed by which the State was entitled to take over and work the guaranteed lines in case the receipts fell below a certain level, and in other like eventualities.<sup>2</sup>

In the eighties the policy of railway nationalization, which has been pursued with signal success ever since,

<sup>1</sup> See Hickmann, "Die Geistige und Materielle Entwicklung Oest.-Ungarn im xix. Jahrhundert," p. 18.

<sup>2</sup> Max Marse, p. 91; Foreign Office Reports, Annual Series, No. 3,343 p. 38.

was inaugurated. In 1889 the zone tariff system, according to which the cost per kilometre decreases in proportion to the length of the journey, was introduced for passenger traffic on the State railways; the private lines followed suit, and finally, in 1891, the zone system was adopted for the regulation of goods traffic. In 1896 a special railway department was created for railway affairs and State railways, which had till then been under the Ministry of Commerce. The predominating tendency at present is to subject the means of communication to State control, private management of the important lines being on the decline.

The dense network of local lines has, until recent years, been almost entirely in the hands of provinces, communes, or private companies, to which bodies the State gave indirect support in the shape of capital and abatements of taxation, but it is noticeable that the great Public Works Act of 1901—the “Investitions Programm”—provides for the construction of sixteen local lines, so that the State has now openly entered the field of local railway construction. This remarkable scheme was drawn up by Dr. von Koerber, not only to tide over an economic crisis, but also to open up the country thoroughly, to round off the existing system of communications by connecting lines of railways and waterways, to render the rivers navigable, and to bring Austria's one great sea-outlet, the port of Trieste, up to the requirements of modern commerce.<sup>1</sup>

As regards the railway programme, by far the most important item was the proposed second line of communication to Trieste by the construction of three stretches<sup>2</sup>—the Pyrnbahn, which runs from Salzthal in Styria to Klaus in Upper Austria; the Tauernbahn, which is to connect Schwarzach with Spital and the new main line to Trieste; the Karawanken and Wocheiner

<sup>1</sup> Labour Report, p. 90; Mischler and Ulbrich, vol. i., p. 725; Foreign Office Reports, Annual Series, No. 3,343, p. 39; see Freytag, “Die Grossen Arbeiten der Oest. Regierung” (letterpress and map).

<sup>2</sup> Mischler and Ulbrich, vol. i., p. 721; Foreign Office Reports, Annual Series, No. 3,343, p. 36.

lines. By these lines the railway net with Trieste has been rounded off, and both the Alpine district and Bohemia, the great centre of commerce, mining, and industry, have secured a direct connection which will enable manufacturers to forward their goods more cheaply than heretofore to the sea-coast. This new mountain line, which has proved, and is (August, 1908) still proving, such a difficult and costly enterprise, does not, as will be seen later, entirely solve the problem of cheap communication between Trieste and the hinterland, but it is nevertheless a necessary and useful construction which will satisfy a long-felt want.<sup>1</sup>

Austria's great new line, important both for Galician and Hungarian frontier traffic, and especially from a strategic point of view, is that from Uzsook on the Hungarian frontier to Lemberg in Galicia. The remaining two of the six main lines projected by the "Investitions Programm" are junction lines connecting existing railways—namely, the Rakonitz-Laun line, and the Wechselbahn from Hartberg to Friedberg in Styria. These, with the local lines above mentioned, complete the railway portion of the Public Works Act.

The question of railway policy is one of great complexity, which has given rise to not a little criticism and discussion. At the present moment railway ownership is in a state of transition. The Government, it is true, is gradually obtaining possession of the whole railway system, but large private lines still exist, and the position will not alter till 1940, when the first of the great private railways escheats to the State. Though this is inevitable, owing to economic conditions, the position is deplorable, because of the entire lack of harmony in the railway system, and the demand for speedy nationalization is both urgent and frequent in the districts worked by private railways, because of the more favourable terms which the trades obtain on State lines. On the

<sup>1</sup> Freytag (letterpress and map); Max Marse, p. 96; Urban, "Studie über das Projekt einer Kanal- und Schiffseisenbahnverbindung zwischen der Donau und der Adria."

other hand, Reinetz advocates nationalization on the ground of the lack of clearness in the railway laws, the frequent quarrels which arise, and the injustice done to the private companies, as things now stand. In his view the State has been guilty of sharp practice in its settlement with private lines. In exchange for the eventual escheat of the private lines, the latter are not even allowed a traffic monopoly, and this moved Lorenz von Stein to observe that the transaction was the best business, from a financial point of view, ever done by the State.<sup>1</sup>

Apart from the question of the eventual escheat, Reinetz complains of the large powers of interference which the State enjoys, and, indeed, the Minister of Railways has supreme authority in matters of tariffs, supervises the observance and execution of the deeds of concession under which the private lines have been constructed, and represents the interests of the public in regard to the passenger as well as the goods traffic.<sup>2</sup>

The vexed question of tariffs is obviously aggravated by the joint State and private ownership of the railways, because the State is anxious to keep rates as low as possible, while the companies are interested in forcing the tariff up to the highest limit. The tariff, it is to be remembered, is of the nature of a monopoly, being a fixed rate not subject to competition. The railway companies complain of the disproportionately low rates fixed by the State, while the public complain that the maximum is unduly high, and that the railway rates are dictated by private interest; that the State, in so far as it combats private interest at all, does so only negatively by prohibiting exorbitantly high rates; and, further, that the railway policy is not, as it should be,

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 38, 39, 47; Lopuszanski, p. 63; Reinetz, "Rücklösung und Heimfall der Oest. Eisenbahnen," pp. 4, 5, 14, 15.

<sup>2</sup> Reinetz, pp. 14-17, 21, 36; Foreign Office Reports, Annual Series, No. 3,343, p. 37.

consistent with, and an integral part of, the general commercial Customs policy.<sup>1</sup>

According to Sir Alan Johnstone, the tariffs on the State lines are kept relatively low "for general reasons of political economy," and in order to meet the requirements of trade and industry. The unsatisfactory financial position consequent upon the low rates has given rise to frequent discussion as to the raising of the tariffs, but such suggestions have met with violent opposition in industrial and commercial quarters; while it is recognized that the moderate tariffs are advantageous, as they enable consignments of goods to be carried farther afield and yet sold at a profit.

At the end of 1905 there were in Austria 12,976 miles of railways, made at a total cost of £289,510,000 sterling: 5,017 miles of State lines, 8,859 miles of companies' lines worked by the State, and 5,105 miles of companies' lines worked by companies. There were 187,931,000 passengers, and the goods carried amounted to 188,765,000 tons. The receipts were 365,910,000 florins, and the working expenses 244,905,000 florins. The private railways contribute in taxes more than any other industry in the country. In fact, taking their heavy taxation, and the burdens, such as military transport, laid upon them by the State, it is calculated that their contribution covers the deficit in the State Railway Budget.<sup>2</sup>

The importance of developing the canal system in Austria has been recognized for many years, and when the Waterways Bill was introduced, with the twofold object of remedying past shortcomings in this direction and of forcing an obstructing Parliament to positive work, the Bill was excluded from the sphere of obstruction, and rapidly carried through all its stages, in consideration of its productive importance. By the Act of 1901 the Government programme relative to river regulation and the construction of canals was ratified.

<sup>1</sup> Seidler and Freud, "Die Eisenbahn Tarife in ihrer Beziehungen zur Handelspolitik," pp. 3, 6, 7.

<sup>2</sup> Foreign Office Reports, Annual Series, No. 3,343, p. 39; "Statesman's Year-Book," 1908, p. 757.

Since that date a special department of the Ministry of Commerce has been occupied with the preliminary studies for the construction of the Danube-Oder Canal, and the requisite surveys and questions of compensation to landowners have taken up a great deal of time.

In addition to the Danube-Oder Canal, the Act of 1901 projected a second between the Danube and the Moldau, a third from the Danube-Oder Canal to the Elbe, and, fourthly, a navigable junction between the Danube-Oder Canal and the river-basin of the Vistula, and as far as the Dniester. An Act was passed voting the sum of £10,500,000, which was to be spent between 1904 and 1912, and to be covered by the issue of a loan bearing at most 4 per cent. interest. Additional sums are to be demanded from Parliament after 1912. The extension of the canal system is felt to be essential to the fullest development, not only of internal, but also of external, commerce.

In spite of the Tauernbahn, the port of Trieste still lacks a cheap "alimentary" transport connection. The new canals will supply that need without diminishing the railway profits, and the port of Trieste will benefit by a far greater volume of trade by the double means of transport. Owing to the cheap water-freight, producers will now be able to send a class of goods which it has hitherto been impossible to send to that port at a profit. Industrial establishments will, it is hoped, spring up along the waterways, and from the increased industrial activity the railways will derive larger and larger traffic, while coal and the products of forestry and farming will be conveyed at a less cost, to the infinite benefit of trade in general. Hieronymi (sometime Minister of Commerce in Hungary), in discussing the effect of Austrian canal extension on Hungarian commerce,<sup>1</sup> states that the Danube-Elbe Canal will enable Hungary to send her wheat by an unbroken waterway to those provinces

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 35, 36; Freytag (map and letterpress); Hieronymi, "Die Oesterreichischen Kanalprojekte und unsere Wasserstrassen," p. 3.

which are its largest and steadiest consumers; while Silesia will sell her coal to Hungary at a lower rate on account of the diminished price of transport, thanks to the Danube-Oder Canal. Agriculture will also derive considerable benefit from the regulation of the river-courses and the prevention of floods.<sup>1</sup>

Recent years have seen a great extension of the Austrian roadway system, the district and commercial roadways especially showing a remarkable increase between 1893 and 1905; and roadways, like railways, are a far more expensive work in "picturesque Austria" than on the plains of Northern Germany.<sup>2</sup>

Postal and telegraphic communications have also been largely developed. Postal traffic, as far as letters and parcels are concerned, increased fiftyfold between 1820 and 1890; by far the largest increase has taken place in the latter half of the nineteenth century. At the beginning of the century 1,000,000 letters were despatched annually; in the middle of the century, 30,000,000; in 1900 the number had reached 630,000,000. The number of parcels, circulars, and post-cards has increased correspondingly; of post-cards alone 300,000,000 were sent in 1898, and telegrams also show an enormous increase. In 1905 the total receipts of the Postal and Telegraphic Department, which is under the Ministry of Commerce, were 125,222,755 crowns, a figure which rose to 189,189,032 in 1906; and the expenses were 126,442,516 in 1905 and 133,964,942 crowns in 1906. In 1906 there were sent 1,232,268,180 letters and post-cards.<sup>3</sup>

In the nineties alarm began to be felt at the serious and continual decline of Austrian shipping. The Austrian Minister of Commerce, in a speech during the discussion of the Shipping Bill of 1893, pointed out that there had been a diminution in sailing vessels of 60 per cent., both

<sup>1</sup> Hieronymi, pp. 14-17; Urban, pp. 13, 14, 16, 18-20, 23-26; "Studie über das Projekt einer Kanal- und Schiffseisenbahnverbindung zwischen der Donau und der Adria."

<sup>2</sup> See "Oest. Stat. Handbuch," vol. 1905, p. 326.

<sup>3</sup> Mischler and Ulbrich, vol. iii., pp. 947-949, 954; Hickman, p. 19; "Statesman's Year-Book," 1908, p. 757.



as to number and tonnage, between 1882 and 1892 ; while the number of steamships had only increased very slightly. In fact, the increase of steamships bore no proportion to the decline of sailing vessels, and the Minister declared that, if the decline of the mercantile marine continued at the same ratio, its complete disappearance might be reckoned on.

The inquiry in 1885 into the state of Austrian shipping had shown that the decline was due to the paucity of capital under which the shipowners were struggling, and to their inability to deal with the crisis caused by the depression of trade all over the world, and the intense competition against which Austria had to contend in the foreign carrying trade. In his speech the Minister of Commerce insisted upon the importance of keeping up the mercantile marine. "Still greater," he said, "would be our mistake if we became careless as to the question whether our goods are carried in foreign bottoms or in our own ships." Moreover, the decline of the mercantile marine was a calamity for the inhabitants of the Austrian coast-line. The need of action was the more imperative because, at the time at which the Minister was speaking, Hungary had already passed Bills for the development of her merchant fleet. The Minister did not prophesy a great awakening, but hoped that "activity would gradually be restored" by the Bill, which provided State bounties for general carrying and State subvention on distances performed.

The hopes entertained as to the effect of the law of 1893 on Austrian shipping were not disappointed, and, thanks to the Government subsidies, Austrian shipping began to revive. In 1895 the Marine Board began the construction of moles along the Austrian coast, which facilitated the traffic of small vessels. The increase continued, and in pursuance of the same policy, when any new industry was launched under a Government concession, clauses were included stipulating that raw material should be imported in Austrian bottoms. The employment of foreign seamen on the Austrian sub-

sidized lines was discouraged, and by 1898 Austrian firemen had replaced Lascars on the Austrian Lloyd vessels trading with the East.<sup>1</sup> In 1906 the mercantile marine of Austria consisted of 278 steamers, of 284,081 tons, and 18,680 sailing vessels, of 51,274 tons. Of the vessels entered, an average of 89 per cent., and of the tonnage 91 per cent., was Austrian, Italy coming next, and Greece third.<sup>2</sup>

The shipping trade of Austria, which is of course confined to the shores of the Adriatic, is dominated by one company, the Austrian Lloyd. This company is a great State-subsidized shipping undertaking, in whose affairs the Government has great influence, and which is under obligation to run regular lines from Trieste for the furtherance of the national trade in the transport of passengers, mails and goods. According to the recent contract made with the Austrian Lloyd, the company has bound itself to continue all its existing services definitely or provisionally, with the exception of the service to East Africa, which has been abolished. The contract remains in force for fifteen years. The administrative council is presided over by a nominee of the Emperor, and two or three out of the eight to eleven members of the council are appointed by the Minister of Commerce. All members must be Austrian citizens. At the end of 1906 the fleet of the company numbered sixty-seven steamers.

Formerly the Austrian Lloyd had practically the whole of the foreign shipping trade of Austria, and even in 1896 the company was the chief representative of Austrian shipping in foreign waters. Its supremacy is, however, no longer unchallenged. Recent years have seen the formation of new companies. In 1908 the *Unione Austriaca di Navigazione* was formed, which in 1906 owned thirty-five ocean-going steamers, and

<sup>1</sup> Foreign Office Reports, No. 1,353, "Trieste," pp. 26-28, 30-33; Foreign Office Reports, No. 2,066, p. 7; Royal Commission on Labour Report, p. 92.

<sup>2</sup> Foreign Office Reports, No. 1,777, p. 22; Mischler and Ulbrich, vol. iii., p. 495; Foreign Office Reports, Annual Series, No. 3,343, p. 15; "Statesman's Year-Book," 1908, p. 756.

maintained a regular service between Trieste and New York. During 1906 several new steamship companies were formed in Austria, but the Lloyd still holds an easy lead over its rivals.

Considerable additions had been made to the plant of local shipbuilding and engineering establishments, which with improved methods have brought some of them up to "the British standard."<sup>1</sup>

Markets and fairs, once so important in external commerce, and still a remarkable feature in Hungary, have no special character of their own in Austria. Large yearly fairs are still held there as elsewhere, and the farmer and gardener bring their produce to the weekly markets,<sup>2</sup> but there is no indication that these commercial gatherings are of any greater moment in Austria than in England. Modern facilities of transport, coupled with the growth of towns and industrialism generally, have shorn the markets of their former importance in the economic life of the country; while the exchange, with its superior facilities of negotiation, has relegated the picturesque fair of former days to a position of purely local importance.

## 2. COMMERCIAL LAWS AND ADMINISTRATION.

Until the latter half of the last century commercial affairs were regulated by mercantile and industrial ordinance, but in 1862 a commercial code was imposed upon both halves of the dual monarchy. (In 1875, however, Hungary, having acquired control over her internal administration by the settlement of 1867, passed a commercial code framed to meet special Hungarian needs.)

The commercial regulations of Austria do not form one separate body of law, but are to be found in the clauses of various enactments, such as the industrial order of 1859, the commercial code of 1862, the Chamber of Commerce Law of 1868, the Hawkers'

<sup>1</sup> Labour Report, p. 92; Mischler and Ulbrich, vol. iii., pp. 494, 495; Foreign Office Reports, No. 3,859, pp. 3, 4, 5, 8 (1907).

<sup>2</sup> Mischler and Ulbrich, vol. iii., pp. 528, 530, 531, 532.

Licence Act of 1852, and in special laws regulating various departments of commercial affairs, such as posts, railways, exchange business, monopolies, and joint stock companies. Austrian law in some of its branches is chaotic and incomplete. The organization, for instance, of joint stock companies is antiquated and confused, and the law relating thereto has not been altered for more than forty years, in spite of the enormous development which has taken place owing to the modern tendency to mobilize capital, by transforming private enterprise into this form of undertaking. Joint stock companies are regulated according to the nature of the company by the commercial law, the industrial ordinance, the imperial patent of 1852, and the insurance law. The *Aufsichtsrat*, managing council or board of directors, as it at present stands, is wholly inadequate to meet the needs of modern commercial life, with its great complexity, the sphere of activity of the council being at once too wide and too restricted.

In view of these deficiencies, proposals have been made for a reform of the Austrian joint stock company on a basis of the study of similar legislation in other countries, with a view to facilitating business with foreigners, and to assisting, in consideration of the vast mass of foreign capital invested in Austrian companies, the extension of international commerce and credit. Further, the legislation has up to the present time made no adequate provision for the regulation of rings, which form such an important feature in modern commercial life.<sup>1</sup>

Commercial administration falls within the province of the Ministry of Commerce, which has undergone considerable changes and modifications within the last half-century. In 1859 the Ministry of Commerce, Industry and Public Works was dissolved, and its duties were assigned to various Ministries. The revised Ministry of 1861 received the title of Trade and National

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 619-623, 625, 627, 634, 635; vol. i., pp. 611, 612.

**Economy.** In 1862 the duties of the department were increased by the addition of the supreme control of posts and telegraphs. In 1868 the erection of the Ministry of Agriculture relieved the Trade Ministry of agricultural affairs, and the Ministry became from that date the Ministry of Commerce. Two important changes in the sphere of activity of this department have occurred since 1868—namely, the withdrawal of railway affairs, which were entrusted to a special Ministry in 1896, and the additional duties in industrial affairs entrusted to it in 1905. Thus, at the present time the Austrian Ministry of Commerce, which Sir Alan Johnstone describes as one of the most important administrative departments of the State, controls the great field of industrial and commercial production. Questions relating to the postal, telegraphic and telephonic services, to standard weights and measures, to exhibitions, and to the subsidizing of the mercantile marine, are under its jurisdiction. It has co-operative powers in the regulation of Customs, the preparation and elaboration of legal enactments, the nomination of the central industrial inspectorate, and has also entrusted to it a mass of miscellaneous affairs, such as the Trieste Harbour and ocean traffic, inland navigation, railway concessions, railway tariffs. The same ministry co-operates in the ratification of the statutes of association for the furtherance of trade and shipping, and in the regulation of institutions for co-operative credit.

In order to cope with these multifarious duties, special departments have been organized within the Ministry, not the least important of which is the department for the promotion of trade, which merits special attention owing to its successful policy in reviving small industries.

The Ministry of Commerce is assisted in its work by the addition of an advisory council composed of commercial experts, whose duty it is to further industry and exports, for which a special credit is provided in the estimates, amounting in 1904 to £10,400. The expenditure of the Ministry of Commerce, taking the latest returns of

1906-07, shows that, although revenue has increased proportionately more than expenditure in these years, there is still a deficit.<sup>1</sup> In 1907 the revenue yielded by this administration was 159,835,830 crowns, and the expenditure 165,871,640 crowns.)

### 3. COMMERCIAL ASSOCIATIONS.

In Austria, as elsewhere, there are various forms of commercial association. First of all there are the chambers of commerce, which act in a double capacity as advisory and representative bodies. These bodies are Government organs which have to consider and advise with regard to commercial and industrial proposals, and which at the same time officially represent merchants and industrials. Secondly there are the rings, or cartels, the modern development of the old employers' associations, from which, however, cartels differ in character, as they are protective rather than educational corporations. Finally there are the exchanges, the large markets of modern times, of which the distinguishing feature is the greater negotiability of commodities, owing to the possibility of transacting business without the actual presence of the product exchanged.

The chambers of commerce arose, as we have seen, on the ruins of the guild system, and owe their first introduction into Austria to Napoleon, who erected a chamber of commerce in the Lombardo-Venetian territory of Austria in 1811. It was not till 1848 that chambers were organized throughout the Austrian Empire, and these were reorganized after the formation of the dual monarchy by the law of 1868, which is still in force. In 1884, and again in 1902, the chambers were reconstituted. The work of the chambers has not altered in character since their first introduction. In addition to their representative and advisory capacity, they have other functions, such as the registration of

<sup>1</sup> Mischler and Ulbrich, vol. ii., p. 671, vol. iii., pp. 633-636; Foreign Office Reports, Annual Series, No. 3,343, pp. 30-32.

trade marks and samples, co-operation in the appointment of technical lay judges for commercial courts, and the elaboration of reports. In the last decade their activity has constantly increased, and their advisory duties have brought them into great prominence owing to the reforming activity of the Government in the industrial and commercial sphere. The efficiency of the chambers of commerce is testified to in the Foreign Office report of 1893, which recommended merchants and manufacturers in England to make more use of these bodies in obtaining local information, on the ground that such enquiries were "obligingly attended to," the replies being as full as possible.

As regards organization, there are twenty-nine chambers in Austria, each being divided into two or three sections. Members are elected by industrials, merchants and miners, who usually compose the three sections.<sup>1</sup> The electors must, in addition to their trade qualification, be in the enjoyment of their full civic rights, must be Austrian citizens (except in Trieste, where a third of the chamber may consist of persons of other nationalities), must be thirty years of age and resident in the district.<sup>2</sup>

Large sums are spent annually by the Ministry of Commerce, the provinces, and the chambers of industry and commerce, for the furtherance of industry, the chambers of commerce for Lower Austria in particular having increased their expenditure for this purpose, from 26,050 crowns in 1898, to 141,884 crowns in 1903. In 1897 the Ministry of Commerce spent 731,000 crowns, and the chambers of industry and commerce 480,000 crowns, on this object.<sup>3</sup>

Rings, the chief object of which is to regulate the market and prevent undue fluctuation in price, have been accused of keeping prices of articles for home

<sup>1</sup> Mischler and Ulbrich, vol. ii., p. 687, vol. i., pp. 611, 612; Matlekovits, vol. ii., pp. 431, 689; Foreign Office Reports, No. 1,353, "Trade of Trieste" (1894), p. 20.

<sup>2</sup> Mischler and Ulbrich, vol. ii., p. 689.

<sup>3</sup> "Oesterreichisches Statistisches Handbuch," vol. for 1904, p. 198.

consumption at an exorbitant figure ; but these associations have been found necessary as a protection against the suicidal competition of recent years, and have proved of value to many industries—notably to the petroleum industry during the late industrial depression. M. Yves Guyot, in his discussion of the sugar ring, sums up the effect of that association in terms which apply to rings in general, by saying that this form of association guarantees manufacturers an excellent average price, and facilitates export, while it adds to the price of the article in question in the home market.

The sugar ring, like all other such combinations, rests on the existence of a high Custom duty. In 1901 the Austrian sugar manufacturers arranged with the refiners not to supply any sugar for home consumption. "In return, all the refiners agreed to pay 15 florins per 100 kilogrammes, 88 per cent., to the sugar manufacturers for every quantity of raw sugar used for home consumption." The total allowance due to the manufacturers is divided between themselves in proportion to their specific production, calculated in accordance with the average production of a certain number of years. M. Guyot calculates that without the ring the price of sugar in the Austrian market would have been 70·35 crowns, instead of which the refined sugar is quoted on the Prague or Vienna markets at 84·25, a difference of 13·90 crowns. As a matter of fact, the profit divided between manufacturers and refiners is rather below this figure.<sup>1</sup>

By this means, in 1901, Austria, which previously had only two customers, England and the United States, obtained everywhere new markets for her enormous production, and was enabled to send large quantities (amounting to 1,120,000 tons in 1900) to the Far East, and especially to Japan. The ring did not, however, save the sugar trade from countervailing duties and other devices of foreign legislation. In 1902 Bülow drew a gloomy picture of the closing foreign markets.

<sup>1</sup> Lopuszanski, pp. 16, 17 ; Max Marse, pp. 62, 63 ; Yves Guyot, "The Sugar Question in 1901," pp. 26-28.



Japan, indeed, is occupied in founding a national sugar industry.<sup>1</sup>

Produce exchanges and stock exchanges, although they are generally separated, need not be so necessarily, and in Vienna, Prague, and Trieste, business in stocks, shares, and produce is done at one and the same exchange. The exchange has been defined as a regular conference of merchants, held at a fixed time and place, with the object of doing business in various commodities, goods, or bonds.

The first stock exchange dates back to the latter half of the eighteenth century, but exchange business was only comprehensively regulated by law in 1875. By this law, exchanges, which can only be erected after the consent of the Ministers of Trade and Finance has been obtained, are subjected to State supervision, and are obliged to draw up statutes stating the nature of the business executed in the exchange in question, the conditions of membership, and the rights and duties of members and visitors, which statutes must be ratified by the Ministers of Finance and Trade.

The exchange administration or council of management has to fix the terms of liquidation and control the economic affairs of the exchange. This law also provides for the settlement of differences which may arise in connection with exchange business by the erection of courts of arbitration, which courts were further regulated by the Act of 1895.

Exchanges now exist, under the exchange law, in Vienna, Prague, Trieste, Linz, Graz, Czernowitz, and Aussig, and stock exchanges in Vienna, Prague, and Trieste. These last two stock exchanges are of merely local importance, and the business of the Vienna exchange, which alone is of international importance, is on the decline. In 1904 the exchange in Vienna elaborated an amended statute, which was to come into force in 1905.<sup>2</sup>

<sup>1</sup> Yves Guyot, p. 28; H. von Bülow, "Oesterreich Ungarns Handels und Industrie Politik," p. 23.

<sup>2</sup> Mischler and Ulbrich, vol. i., pp. 611-616.

## 4. COMMERCIAL EDUCATION.

Austria is far advanced in the matter of technical education. A significant proof of this is to be found in the fact that the Prussian professors admit the Austrian system to be the best, and are copying it. That system which to-day, in the words of Max Marse, presents "a harmonious whole" imbued with both a practical and a modern spirit, dates its origin from the reign of Maria Theresa. The first schools, which increased in number in the early part of the nineteenth century, were short-lived, though they were almost all founded and supported by the State, and of these the only survivor now is the Trieste Academy. The modern development, which is characterized to a large extent by private enterprise and initiative, was inaugurated in the foundation of the first private school in Vienna by Geyer in 1840. Since the reorganization of the Vienna Commercial Academy in 1873 similar academies have been founded all over Austria by communes, chambers of commerce, and professional syndicates, with the support of the State, which grants subventions to these institutions, and exercises the supreme control over them through the Ministries of Public Instruction and Commerce by a competent inspectorate.

In addition to the academies, which are chiefly intended for those who are destined to occupy a responsible position in commerce on a large scale, in banks, and the industrial world, the ordinary commercial education has two minor branches—the commercial schools and the apprentices' classes—which have been greatly developed since 1890. The limitation of military service to one year—a favour accorded to the graduates of the academies—resulted in the multiplication of the academies, and explains at once their predominance in the commercial educational system, and the tardy formation of the commercial school. The last named represents a type of school calculated to meet the requirements of a wide section of the commercial and

industrial community, since it gives a short and almost exclusively practical course to the ex-pupils of the primary schools. In all three types of institution geography and arithmetic are compulsory subjects.<sup>1</sup> In the apprentices' courses great attention is paid to writing, in the commercial schools shorthand and German are also required; while in the academies the course of study includes foreign languages, mathematics, geometry, physics, commercial law, chemistry, and other subjects, in addition to writing, geography, and shorthand. The higher technical educational institute is the Academy of Export, which forms part of the Commercial Museum of Vienna, and in which a complete education relative to the extension of external commerce may be obtained.

In 1904-05 there were 272 commercial schools, 7 lower schools of mining, and 3 nautical schools. The districts which had the greatest number of teachers for commercial education in 1900-01 were Bohemia with 645 in all, Lower Austria with 363, and Moravia 228. In no other province were there as many as 80. The total number was 1604. In 1900-01, out of 222 commercial educational institutes, the language of instruction was German in 135, Czech in 60, Polish in 5, Italian in 6, mixed in 16.<sup>2</sup>

Mr. Baker, in a eulogistic account of his tour of inspection through the Galician and Bohemian commercial educational institutions, gives repeated testimony to the excellence of the teaching in general, the careful geographical studies, including the products, business, and means of communication, first of the neighbouring States, and then of the other European States and their colonies, the United States of America, and also of the great commercial routes of the world. Mr. Baker speaks of

<sup>1</sup> Baker (Board of Trade), "Report on Technical and Commercial Education in Bohemia," p. 55; Max Marse, pp. 121-128; Mischler and Ulbrich, vol. ii., pp. 685-688.

<sup>2</sup> Max Marse, pp. 122-128; Mischler and Ulbrich, vol. ii., p. 688; "Oesterreichische Statistik, Zentral Kommission," p. xiii; "Statesman's Year-Book," 1908, p. 748.

the handsome spacious premises of these institutions, their excellent lecture rooms, the well-selected, useful, and interesting chemical collections, charts, maps, and libraries, with which some are supplied. He is eloquent in praise of the interest of the pupils in their work, and of their skill and ingenuity.<sup>1</sup>

Another institution, important not only in the sphere of education, but also in that of practical trading, is the Commercial Museum. The nucleus for a museum of this kind was obtained by the retention of many objects of commercial interest in the Eastern Division of the Vienna Universal Exhibition of 1873, and the Exhibition Committee for the Orient and East Asia transformed themselves into an association for erecting and maintaining an Oriental Museum. This Oriental Museum instituted exhibitions and gave courses of lectures, and studied particularly the economic development of the East. From 1875 the museum issued a periodical, the *Monatschrift für den Orient*, instituted itinerant exhibitions, and presented models to schools. In consequence of its activity the museum had to be enlarged, the State subsidy to the museum was increased, and the supervision thereof placed in the hands of curators and representatives of the Ministries of Foreign Affairs, Commerce, and Education. It became the Imperial Royal Commercial Museum, and after 1886 issued a second journal, the *Commercial Museum*, with commercial news of every kind. Since 1900 it has published the Annual Report of the Consular Offices. Within the museum there is an export club, which discusses important questions of external commerce, and the museum is also in communication with the export bureaux, supported since 1889 by some of the chambers of commerce and with the Export Union of Prague. In 1898 the export academy was founded as part of the museum, to afford ambitious traders the higher education in matters of external commerce.

So useful has the museum proved in advancing ex-

<sup>1</sup> Baker, pp. 34, 34, 36, 50, 51, 55, 73, 75, 87, 88, 102.

port, in the educational advantages that it offers, and in encouraging internal commerce—for instance, by the loan of foreign models, and by giving out the commissions of manufacturers to be executed in specialized schools—that several important centres have now founded museums of their own. The opening of the Trieste Commercial Museum in 1906 formed, according to the Foreign Office Report, a notable event in the commercial history of that city, while Mr. Baker, in his description of the Reichenberg Technical Museum, relates how he saw a group of four young workmen, in their Sunday clothes, most carefully and critically studying a case of nineteenth-century glass ware, a proof of the use which is made of museums by the better class of workmen. According to Mr. Baker, there was no mistake about the technical interest of the workmen in the exhibits, which had English engraved glass amongst them.<sup>1</sup>

## 5. HISTORY OF EXTERNAL COMMERCE.

The history of the external commerce of the dual monarchy, which is the history of the tariff system, falls into four distinct periods—those of prohibition, protection, the free trade tendency, and the reaction.

Until the reign of Charles VI. the external commerce of Austria-Hungary was insignificant, but in that reign there is the first beginning of the policy of prohibition, which was raised to a system by Joseph II., under the idea that the surest way to national prosperity is the exclusion of foreign imports. Under Joseph II. 200 articles were excluded from general traffic—that is, could only be imported for personal use by special licence, and on the payment of a high duty of 60 per cent. of the value.

At the beginning of the nineteenth century, and especially during the years of the Continental blockade, prohibition was carried to extravagant lengths, even coffee

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 683, 684; Labour Report, p. 138; Foreign Office Reports, No. 3,859 (July, 1907), p. 3; Baker, pp. 112, 113.

being excluded from general traffic. During the era of rigid prohibition the expediency of the system began to be questioned, and by no less a personage than Metternich; but the obstinacy of the Emperor was a stumbling-block in the way of economic freedom. It was not till 1850 that the new ideas, of which one practical result was the German Zollverein, bore fruit in the shape of free trade between Austria and Hungary. At this period Brück was the guiding spirit of Austrian commercial policy, and his great ambition was to realize a Central European Trade and Customs Union. This ambition was to be effected gradually, the first step being a union with Germany. With a view to rendering such a union possible, a new and more liberal tariff was drawn up in 1850, but, although an enormous advance on the former system, it was not compatible with a union with the German Zollverein. Hence in 1853 a still more moderate tariff was introduced.

At last, after lengthy negotiations, the commercial settlement between Prussia and Austria was concluded in 1853, the treaty obligation being fixed from 1854 to 1865. The treaty was regarded in Austria as the first step in the direction of a commercial union with the German States. The abatement of the "internal Customs" was the most important clause, and the name suggests the hopes then entertained. In Government circles there were great expectations of the development of industry,<sup>1</sup> which in Austria was more highly developed in some branches than in Germany, and it was believed that the *rapprochement* with the German States would benefit Austrian glass, cotton, metal, wool, and textile manufactures. However, after the commercial crisis of 1857, the malcontents who disapproved of the 1853 treaty became clamorous in their opposition to the existing commercial policy, and in their assertions that their industry was being ruined by foreign competition.

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 168-170, 175, 176, 183, 184, 189-191; Matlekovits, vol. ii., "Das Königreich Ungarn," pp. 456-460; Mischler and Ulbrich, vol. ii., pp. 459, 460, 699, 700; Bülow, p. 3.

The importunities of the industrialists, who had increased in number, resulted in an inquiry being instituted in spite of Brück's protest that it could only lead to raising false hopes among the industrialists and throw doubts on Austria's will and ability to pursue the policy so recently inaugurated. The inquiry showed, on the whole, that the statements of the agitators were ill-founded, and in the following year Brück died.<sup>1</sup>

In the sixties the protectionist era began rapidly to give place to the free trade tendency. The theory of free exchange gained ground, and no nation thought of surrounding itself with barriers. All states were forming alliances with one another by commercial treaties, which secured the most-favoured-nation treatment as well as the reduction of duties on certain articles. Prussia was prominent in this free trade movement, and concluded treaties with France and England whereby those countries could import into Germany at low rates. Austria thus lost the advantages she had hitherto enjoyed, and was forced to substitute a new tariff in 1865 for that of 1853, in order to avoid loss to the Treasury, because under the 1853 tariff and the new Franco-Prussian treaty France could import goods destined for Austria via Germany at a smaller cost than she could import them direct into Austria.<sup>2</sup>

Thus for a second time Austria's commercial policy was virtually dictated by her important neighbour.

In the year of the elaboration of the provisory tariff (1865), which lasted till 1877, Austria concluded commercial treaties with France and England, and in 1867 a treaty was made with the new Italian kingdom. The dream of a future Customs union with Germany had now vanished, yet the universality of treaty relations had practically brought about the desired end, as the 1865 tariff was almost negligible owing to its rare application. With the commercial treaty concluded with Germany in 1868, and the so-called Supplementary

<sup>1</sup> Lang, pp. 187-195.

<sup>2</sup> Mischler and Ulbrich, vol. ii., p. 701; Lang, pp. 195-197.

Convention made with England in 1869, the free trade tendency touched the high-water mark in the dual monarchy.

In addition to these important engagements, Austria was at this epoch connected on all sides, both east and west, by commercial treaty relations. In 1868 Switzerland, in 1869 Siam, China, and Japan, between 1870 and 1873 Spain and some of the South American States, then Portugal, and finally Sweden and Norway, were bound by commercial ties to the monarchy. In 1873 negotiations for a treaty were commenced with Roumania, but before the conclusion of that much-discussed treaty in 1875 the dual monarchy had sustained the disastrous commercial crisis of 1873, which resulted in a violent revulsion against the existing policy.<sup>1</sup>

The economic development consequent upon the settlement of 1867, coupled with fine harvests and a general outburst of prosperity, had led to a perfect orgy of speculation. Old, steady-going concerns were transformed into joint stock companies. Over-speculation had induced over-production. Prices fell, profits decreased, and panic seized upon the commercial world of Austria-Hungary. At the very zenith of her prosperity, in 1873, the year of the great International Exhibition, the stock market was demoralized by one bankruptcy after another; banks failed, business houses closed, and a strong reaction set in in favour of retrenchment and protection. The industrialists, who had long opposed the free trade policy, were foremost in the feverish agitation in favour of protection. The movement was headed by the iron industrialists, who, in consequence of the recent railway development, had been enormously strengthened, and who now suffered proportionately from the sudden relaxation in railway construction. The Austrian Economic Congress of 1875 declared against the renewal of the commercial treaties about to expire in that and the following year, and pressed for an alteration of

<sup>1</sup> Lang, pp. 198, 202, 204, 218, 220; Mischler and Ulbrich, vol. ii., pp. 701, 702; Matlekovits, "Zollpolitik," p. 3.



the general tariff in a protective sense. The general position was complicated by the negotiations for the commercial treaty between the two halves of the monarchy.<sup>1</sup> In Austria, petition after petition was presented to the Government urging a return to protection, and the new tariff elaborated in 1878 bore signs of the growing change of opinion as to commercial policy. Not only were duties raised, but payment was enforced in gold instead of silver, which meant a general rise all round of at least 15 per cent. on the Customs rates. The tariff remained in force till 1882. Austria could now enter on negotiations with other countries, but, in spite of the fact that great importance was attached to a settlement with Germany, which had now become severely reactionary, no treaty was concluded, though agreements were made with Italy and Servia.

The growth of protection was strikingly shown by the tariffs of 1882 and 1887, which were framed to meet the policy of Germany, which had become increasingly important since its complete union into one Customs territory. From the protectionist point of view the 1887 tariff left little to be desired, duties, notably on corn and textiles, being raised in correspondence with German rates. In the nineties, however, Germany, the arbiter of Austro-Hungarian commercial policy, began to consider a reform in her own. Complaints were rife as to the enhanced cost of living in Germany, and it was felt necessary to give stability to economic conditions which had recently been subject to great fluctuation by the formation of a ring of commercial treaties. The treaties concluded with this object marked an armistice which terminated in 1908. Austria, in accordance with the revived treaty policy, entered into agreements with Italy, Belgium, Switzerland, and Germany, all four treaties coming into force in 1892, and remaining in force, unless dissolved, until 1908. These treaties, however, did not mark a return to liberal policy, as by their terms many duties still remained

<sup>1</sup> Matlekovits, "Zollpolitik," pp. 4, 5, 9-11.

high. During the nineties treaties were further concluded between the dual monarchy and Eastern countries. The treaty with Servia made in 1892 secured certain improvements, but left the import trade of Austria-Hungary into Servia still much hampered. The 1893 treaty with Roumania was more beneficial, especially to Austrian as against Hungarian interests. Finally, in 1894, 1896, and 1897 treaties were made with Russia, Japan, and Bulgaria respectively.<sup>1</sup>

In recent years the external commercial policy of Austria-Hungary has been rendered difficult owing to the internal conflict as to the Customs alliance between the two halves of the dual monarchy. From 1897 Parliamentary obstruction prevented a renewal of the commercial *Ausgleich*, and the necessary arrangements had to be carried on by means of a provisional settlement, ordered by the Emperor and King in virtue of his constitutional rights. At last, after prolonged negotiations, the economic relations of Austria-Hungary were re-established on a sound basis by the renewal of the Customs alliance in 1907.

In 1906 a new tariff was introduced, by the terms of which duties on certain foreign goods have become prohibitive. Agricultural products are highly protected, and certain articles, formerly free of duty, are now rated.

In the same year several new commercial treaties were concluded—namely, with Italy, Russia, Belgium, and Switzerland.<sup>2</sup>

Not the least important factor in the recent commercial history of the dual monarchy has been the situation created by the Bulgarian-Servian Customs alliance attempted in 1906, and the recalcitrant attitude of Servia towards Austria in matters of trade; but the situation is somewhat cleared by the announcement of the provisional conclusion of a fresh commercial treaty between Servia and Austria-Hungary on August 20, 1908, which,

<sup>1</sup> Matlekovits, "Zollpolitik," pp. 13, 17, 27, 35, 50, 58, 60; Max Marse, pp. 32, 33; Lang, pp. 244, 262, 276; Mischler and Ulbrich, vol. ii., pp. 703, 704.

<sup>2</sup> Mischler and Ulbrich, vol. ii., p. 713; Foreign Office Reports, No. 3,947, p. 23.

however, had not been finally ratified at the end of the year. Bosnia and Herzegovina were included in the Austro-Hungarian Custom Union in December, 1879.<sup>1</sup> The consular jurisdiction of Great Britain ceased in 1880, and that of France, Germany, Italy, Spain, and Russia ceased in 1881. The commercial position of the dual monarchy had then long been impregnable in these provinces, and was in no wise altered by the annexation in 1908. Moreover, according to the *Neue Freie Presse*, it was agreed, at the meeting of Sir Charles Hardinge and Baron Aehrenthal at Ischlin, August, 1908, that questions relating to Bosnia-Herzegovina should be treated as internal to the Austro-Hungarian monarchy, and excluded from the discussion of the Macedonian problem.

#### 6. THE AIM AND EFFECT OF MODERN COMMERCIAL POLICY.

It is clear, from an examination of the history of Austria's tariffs, that the attention of the Government was primarily given to the benefit to be derived from the Customs for the finances of the Empire. Up till the year 1867 the revenue derived from the Customs was small. The adoption of a free trade policy, together with the economic boom following on the settlement of 1867, resulted in a sudden rise of the revenue yielded by the Customs. Between 1867 and 1872 the revenue from import duties rose 94 per cent., while traffic rose 233 per cent. The 1873 crisis and its consequences greatly affected the Customs revenue. The tariffs of 1882 and 1887 were drawn up with a view to increasing the revenue, and in this they were successful. From 1881 to 1883 the Customs revenue rose 52 per cent., roughly speaking, and even in 1886 about 49 per cent. The reform of 1887 was less successful from the financial point of view. Coffee is the most important article as regards the Customs revenue, of which it yielded the

<sup>1</sup> *Times* issues of February, 1908.

entire sum in early days, while in 1886 it accounted for 87.70 per cent. The important rise in the duty on coffee did not decrease its import or its consumption. The next most important import, from the Customs revenue aspect, was mineral oil. The high-water mark of its productiveness was in 1883, when it accounted for 17.92 per cent. of the total Customs revenue. Matlekovits, writing in 1891, states that mineral oil was then an important source of Customs revenue, nor did increased duties lessen its consumption. Both the articles in question became cheaper after raising the duties, so that the duties did not affect consumption.

From the purely productive point of view, Matlekovits deprecates the alterations in the Customs policy of the dual monarchy, since the establishment of free trade, on the ground that a return to protection was unnecessary. "Into the well-known waters of competitive conditions fell the stone of protective duties." The surface became troubled, and one could not tell where the movement would stop. The free trade era had been marked by a great outburst of industrial and commercial activity, and by a large and steady increase in export trade, both in quantity and in value.<sup>1</sup> Even the crisis of 1873 only caused a very temporary and moderate check in imports. Not the least significant feature of the prosperity was the increasing consumption of coal.

Matlekovits takes several important trades, and shows the result of protection upon them. The cotton and woollen industries were already large trades in no need of protection, while the protective tariffs of 1882 and 1887 did not diminish the import of these commodities, there being still an equal demand for the foreign products in spite of the enhanced cost. The tariffs, therefore, merely increased the cost of the article to the consumer without benefiting home industries.

Lang points out that there was a boom in Austrian industry, and especially in the textile branches, in

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 168-170, 293-295, 299, 300; Matlekovits, "Zollpolitik," pp. 551-553, 556, 560.

the decade 1880-1890, after the abandonment of free trade. But while admitting this advance, he adds that there had been an enormously increased application of machinery in those very branches of trade, and states that it is an open question whether the same, and even better, results might have ensued had the return to protection not been made. Again, the export trade, which had risen from 600,000,000 florins before the autonomous period to 780,000,000 florins in 1882, declined after that date, and only reached the sum of 780,000,000 florins again in 1891. It is to be noted that the export of manufactured goods was in exact ratio to that of the total export. In short, export in the protective era was stagnant while import diminished, a fact which Lang regards as a disadvantage rather than an advantage.

Austrian industry increased within the Customs territory, but it remained stagnant without. The spirit of enterprise was discouraged, and Austria, failing to go forward, was being pressed out of foreign markets. The population of Europe alone rose by 80,000,000 souls; the railway mileage, the tonnage of sea-craft, and the consumption of the world, increased enormously during this period, but Austrian export trade, with all these opportunities for larger traffic, remained the same at the end as at the commencement of the decade.<sup>1</sup> On examining the condition of internal trade, Lang shows that in the case of a series of protected articles, such as woollen yarn and iron, imports increased, while in the case of woollen goods the export decreased. Again, in cases where individual trades benefited by protection, they would, Lang maintains, soon meet with the embarrassment already experienced by sugar and spirits all the world over. The return to a commercial treaty policy in the nineties was, in Lang's view, an admission of failure.<sup>2</sup>

While admitting the justice of these criticisms, it

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 293-295, 298.

<sup>2</sup> Lang, pp. 299, 300.

must be borne in mind that the hand of Austria was forced by Germany, and that both her tariff policy in the eighties and her free trade policy in the sixties were framed to meet the situation created by German policy. Further, in any attempt to gauge the effect of Austrian commercial policy by means of export and import figures, we must take into consideration the fact pointed out by Vautier, that up till the nineties, at all events, much traffic effected on foot and by carriage on the Austrian frontier was not included in these figures; and, again, that the figures are given in florins, a coin of fluctuating value.

The effect of the Austrian commercial policy in modern times—that is, the effect of the development of the means of communication, of technical education, and the extensive application of machinery—has been an enormous increase in trade, industry, in population, and national wealth. How far this prosperity can be attributed to one side of the commercial policy—the Customs regulations—is exceedingly difficult to estimate, owing to the intervention of extraneous circumstances, such as good or bad harvests; over-speculation, as in the seventies; the use of improved machinery, as in the silk industry during the eighties; the effect of phylloxera and epizooty, or the state of the world market, in the nineties. It is, in fact, impossible to lay down, except in the broadest possible terms, how far Austria's prosperity, through the changes of the last fifty years, was due to the Customs policy in its alternation from protection to free trade, with the subsequent reaction from protective to commercial treaties.

Matlekovits, taking the period 1861-1888, shows that trade, in conjunction with railway extension, rose constantly both in quantity and value during that period, which embraces both the free trade era and the return to protection effected by the 1882 and 1887 tariffs.<sup>1</sup> If trade increased in the free trade

<sup>1</sup> Matlekovits, "Zollpolitik," pp. 581, 588; Vautier, "La Hongrie Économique," p. 268.

epoch, a statement which Matlekovits proves in six pages of elaborate tables, it is no less true that between 1880 and 1890 there was a regular boom in the textile industries. The return to the treaty régime in the nineties was at first marked by a decline which cannot be solely attributed to that policy, because there was a recovery in 1899-1900, in spite of the fact that the treaties were still in force. In 1901-02, again, there was a partial retrogression. Finally, the highly protective 1906 tariff, which was received with such universal satisfaction, was expected to have a good effect upon trade.) It is at present too early to gauge exactly what the effect of the tariff will be, but so far the chief results have been a considerable augmentation of the revenue of the State, and a rise in the cost of living.

Broadly speaking, the rapid decrease of the Customs rates in the sixties affected home industry disadvantageously, while the equally rapid increase in the duties in the eighties seriously affected export both in the industrial and agricultural products. The lesson learnt from experience was applied in the nineties in the effort to obtain economic stability by commercial treaties. The change was not marked by a large measure of success, for the modest advance made by Austria in the decade 1890-1900 bears no comparison to the great boom in industrial export experienced by some countries, notably the German Empire. Nevertheless, this backwardness cannot, according to Mischler and Ulbrich, be attributed so much to the Customs policy as to the neglect of Austria's export interest in the East, and especially to the lack of competent commercial spirits and adequate commercial enterprise.<sup>1</sup>

Again, in judging Austria's commercial policy in general, too much stress cannot be laid on the fact above mentioned, that, as one of the lesser States

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 293, 302-304; Bazant, "Die Handelspolitik Oesterreich-Ungarns 1875 bis 1892," pp. 155, 168, 169; Matlekovits, "Die Zollpolitik der Oesterreichisch-Ungarischen Monarchie und des Deutschen Reiches," pp. 581-588; Mischler and Ulbrich, vol. ii., pp. 704-707, 713; Foreign Office Reports, Annual Series, No. 4,062, p. 3.

commercially, her policy is virtually dictated by the action of her stronger neighbours, and particularly Germany, who has forced her hand at every crisis in her economic policy, and who may yet rue the slight regard she has had for the commercial welfare of her natural ally.

Nothing brings home the difficulty and complexity of the knotty problem of the Customs policy so well as investigation into the condition of individual trades. Thus, the iron industry of Austria-Hungary, now, as formerly, subject to great fluctuations, will be found to depend almost entirely upon the state of the world's market, which regulates price and production to a large extent, although at an earlier date it depended to a great extent upon railway extension. High protective duties on agricultural machinery are strongly deprecated by Gerstl—and those in Austria are the highest in the world—while he advocates protection of agriculture. Engel states that, thanks to the Customs policy, the cotton industry on the whole has command of the home market. At the same time he argues that even the most convinced adherent of a systematic protectionist policy must recognize the great disadvantage of protective tariffs, inasmuch as they enhance price, and consequently deter export of raw materials and half-manufactured goods.<sup>1</sup>

Thanks perhaps to the suitable adaptation of Customs policy to the needs of the period, and thanks undoubtedly, to a great extent, to the development of communications, the external commerce of Austria has increased continuously from 1885 to the present day. In fact, statistics show that the forty years which lie between 1867 have been marked by enormous strides economically and materially.<sup>2</sup>

The Board of Trade figures for the total export and

<sup>1</sup> Engel, "Oesterreich Ungarn. in Welthandel," pp. 78, 139; Gerstl, "Unsere Zoll und Handelspolitik bezüglich des landw. Maschinen-wesens," pp. 6, 6-12, 33, 85, 86, 89-93, 135, 147; Engel, "Veredlungs-verkehr," p. 1.

<sup>2</sup> Foreign Office Reports, No. 3,343, "Austro-Hungarian Finances, 1900-1904," p. 121; *Spectator*, June 15, 1907.



import trade of Austria-Hungary are dealt with lower down. Here it is sufficient to indicate that from 1900 to 1904 the principal import trade was in coal, cotton, and wool, the principal export trade in sugar, cattle for slaughter, horses, wood, and coal, to which the Consular Report on the Foreign Trade of Austria in 1907 adds eggs as the second most important item in the export trade.

Corn export has decreased in the treaty period, the average surplus export in the previous period being over 8,000,000 quintals, a quantity which subsequently fell to about 500,000 quintals. This fact is explained by the transition through which Austria is passing—from that of a corn-exporting to that of a corn-importing State. Again, the decline in fattened stock export is due first to veterinary regulations, next to the decrease in sheep-breeding, and lastly to the terrible mortality caused among the pigs by epizooty in Hungary in the nineties. As against this decline, there has been a steady increase in the export of hops, eggs, fowls, game, and wood (*Rundholz*). In connection with the export trade it may be mentioned that the Austrian Government is making great efforts to encourage export, and that £40,000 has been set aside out of the Budget surplus for that purpose. The money is to be granted in the form of subventions to Austrian firms establishing branches for the sale of Austrian manufactures in places where Austrian firms have hitherto been unrepresented.<sup>1</sup>

The increase of industry within the country is shown by the vast increase in the consumption of coal in recent years, and in the larger import of raw materials for industry and half-manufactured goods, such as leather and chemical auxiliary materials.<sup>2</sup>

In Austria-Hungary, as in Germany, there are two branches of the finishing trade—that is to say, import

<sup>1</sup> Foreign Office Reports, Annual Series, No. 4,062, pp. 8, 10; Foreign Office Reports, No. 3,260, p. 3; No. 3,199, p. 3; No. 3,399, p. 7; No. 3,650, p. 3; No. 3,969, p. 3.

<sup>2</sup> Mischler and Ulbrich, vol. ii., pp. 706, 707.

of articles to be improved or finished and destined for re-exportation, and export of articles to be improved abroad and afterwards re-imported. In both cases the imports are free of duty. In 1903 the value of importation of goods finished in Austria-Hungary was £2,432,000; the value on exportation was £4,414,000. The value of goods finished abroad on importation was £37,000, and on exportation £31,000. The chief articles of import in this trade have been rice, cotton yarn, cotton manufactures, and leather glove shapes.

The total foreign trade of the Austro-Hungarian Monarchy in 1905 was: Imports quantity, 11,821,000 tons, value £89,900,000; exports quantity, 17,983,000 tons, value £90,300,000. In 1907 imports were valued at £97,625,000, while exports were valued at £97,125,000; these figures are, however, provisional. As to imports in the years 1898-1900, Germany was responsible for 36 per cent.; England, 9 per cent.; United States, 8 per cent.; France, 3 per cent. As to exports in the same years, Germany was responsible for 52 per cent.; England, 10 per cent.; France, 3 per cent.; United States, 2 per cent.

In 1904-05 Austro-Hungarian import trade was chiefly with Germany, the United States being second, Great Britain third, British India fourth. Germany imported nearly four times as much as the United States. The export trade of Austria-Hungary in the same year was chiefly with Germany, Great Britain and Italy coming second and third, but a great way behind.<sup>1</sup>

These proportions can, however, be taken only as a rough guide, as a considerable volume of trade may be attributed to a country through whose ports the goods destined for another country pass. For example, a part

<sup>1</sup> "Statesman's Year-Book," 1908, p. 738; Foreign Office Reports (August, 1908), No. 4,109, Annual Series, p. 27; Board of Trade Memorandum, 1902, pp. 31-38; Board of Trade Memorandum, 1904, Statistical Tables and Charts, p. 402.

of England's trade with Austria-Hungary is carried on through German ports, and figures in the returns as trade with Germany.<sup>1)</sup>

#### 7. COMMERCIAL RELATIONS WITH HUNGARY AND FOREIGN POWERS.

(Before 1850 Austria imposed her commercial policy upon her unwilling partner, Hungary. In the latter half of the eighteenth century Austria meted out to Hungary much the same treatment as England then accorded to Ireland, Hungarian industry being starved and repressed under the mistaken impression that Austrian industry would prosper correspondingly. In spite of petitions and protests, the repressive policy continued, and the revolution broke out before any reform had been effected. In 1851 free trade was instituted between Austria-Hungary, and in 1868, following on the political settlement, a commercial and Customs alliance, terminable at the end of every ten years, was concluded between the two halves of the dual monarchy.<sup>2</sup>)

Out of this Customs union, or rather from the Customs barrier which severs the monarchy from the trading world without, new difficulties have arisen and old animosities have been sharpened by a divergency of interests which would not have arisen under a free trade régime. The economic friction which has created such an alarming situation in the dual monarchy in the last decade can be traced back to the reactionary policy adopted after the débâcle of 1873. Since the tariff of 1878 Hungary has had a standing grievance in Austria's adherence to protective duties. In fairness to Austria, however, it must be admitted that Hungary has not shown herself a consistent free trader, as one of the bones

<sup>1</sup> Board of Trade "Memorandum on Comparative Statistics of Population, Industry, and Commerce, in the United Kingdom and some Leading Foreign Countries," 1902, p. 13; Cd. 4286, "Annual Statement of the Trade of the United Kingdom with Foreign Countries and British Possessions, 1907," p. v.

<sup>2</sup> Lang, pp. 170-176, 178, 182-184.

of contention of a long quarrel relative to the Customs alliance was the question of agrarian duties, which would be chiefly borne by Austria, and for the enhancement of which Hungary vociferously and successfully clamoured.

The *ex lex* situation between Austria and Hungary, which began in 1897 owing to Parliamentary obstruction, has led to a great deal of discussion as to the advantages and disadvantages of the commercial union of Austria and Hungary, and the discussion has served to bring out more clearly the enormous reciprocal economic importance of the two partners to one another.<sup>1</sup>

It has been shown that, in the years between 1884 and 1891, 83 to 84 per cent. of Hungarian imports came from Austria, while Austria was the country of destination of 71 to 75 per cent. of Hungarian exports. The disparity appears since that date to have disappeared, as it was stated in November, 1906, that Hungary exported nearly £40,000,000 worth of agricultural produce to Austria yearly, while Austria exported "approximately the same value of manufactures to Hungary." The union, in short, is based upon mutual advantage, Hungary being still chiefly agricultural, Austria largely an industrial State. Should tariffs be introduced between Austria and Hungary, the price of industrial articles would rise in Hungary and remain at a higher price for a long series of years, and Hungary would search in vain for such a market for her cereals, cattle, and raw products, surrounded as she is by agricultural States, and hampered by possessing only one sea-outlet in the port of Fiume. Excluded, or partially excluded, from the Austrian market, Hungary would have to stand against Oriental and transoceanic competition.

Separation, in fact, would be nothing short of an economic catastrophe for Hungary. Austria, on the other hand, would still be the nearest and cheapest emporium of industrial goods for Hungary, which she so largely surrounds. Further, Austria would not find

<sup>1</sup> See *Times*, January 2, 1908; *Economic Journal*, March, 1904, pp. 25, 26.

it difficult to get purveyors for her wants, as, owing to the extension of her own markets, especially in Asia Minor, she is now far less dependent than formerly upon Hungary. Nevertheless, for Austria, too, separation would involve a serious loss, for, as Dr. Baernreither has pointed out to me, Customs protection against Hungary would result in an automatic rise in the price of cattle and wheat, while the erection of the Customs frontier would entail the expenditure of many millions. Although Austrian agriculture might at first benefit, yet the stimulus would only last if industry continued to extend under the new conditions. "We are grown to one another . . . by business union, guaranteed credit, knowledge of the market and its peculiarities, finally by custom and taste, as only an old free trade district can be."<sup>1</sup>

(The first period of the commercial settlement expired, as we have seen, in 1877, and was renewed in 1878. The second was renewed in 1887, and expired in 1897 without being renewed, owing to Parliamentary obstruction. The necessary arrangements were, consequently, carried out by means of a provisional *Ausgleich* commanded by the King. In 1899 the famous Szell formula, Law XXX., provided that Hungary should resume her right to act as a separate Customs territory in case a new compact "be not concluded by the end of 1902," and that in default of such new compact no commercial treaty should be concluded by Austria-Hungary as a common Customs territory beyond the end of 1907, the economic relations of Austria-Hungary being meanwhile governed by the principle of reciprocity.

In 1902 a new compact, known as the Szell-Koerber Compact, was concluded, but was not ratified by either Parliament, although the Austrian Parliament adopted the tariff comprised in the compact, and although the new Austro-Hungarian treaties were negotiated on the basis of that tariff, and concluded for a period extending

<sup>1</sup> Vautier, "*La Hongrie Économique*," pp. 427-429; Sztérényi, "*Bulletin de l'Institut International*," pp. 322, 323; MSS. supplied by Dr. Baernreither.

to the end of 1917. The Hungarian Government was therefore entitled to say that the Hungarian Parliament would not ratify the Szell-Koerber Compact, and that the compact and the tariff which it comprises did not exist for Hungary, and that, consequently, Hungary reverted to the provisions of the Szell formula of 1899. Austria also had her grievance, for in 1906 Hungary introduced an autonomous tariff; whereas, in virtue of the principle of reciprocity laid down by the Szell formula, Hungary ought to have waited until the end of 1907 before taking single-handed action in regard to the tariffs. The Hungarian autonomous tariff was identical with the Austro-Hungarian tariff incorporated in the Szell-Koerber economic pact of 1902. In May, 1906, the Crown assented to the proposal that the tariff on the basis of which the commercial treaties were negotiated with Germany and Italy should be sanctioned by the Hungarian Parliament as a Hungarian, not an Austro-Hungarian, tariff. Indignation was hot in Austria at this breach of reciprocity, and the Hohenlohe Cabinet resigned. At the end of 1907 the famous Szell formula would have lapsed, and though both Austria and Hungary were bound, as far as foreign countries were concerned, by commercial treaties which run till the end of 1915, or optionally to the end of 1917, those treaties would not have prevented the adoption of vexatious measures by the two countries against each other on New Year's Day, 1908. Luckily, wiser counsels prevailed, and before the end of 1907 a new commercial settlement was concluded.<sup>1</sup>

Between 1900 and 1905 the trade between Austria and Hungary diminished, but it was still, as we have seen, of paramount importance. In 1904 Austria imported from Hungary, in value, raw goods, 489,697,858 crowns; semi-manufactured goods, 59,945,993 crowns; manufactured goods, 284,874,764 crowns; while she exported to Hungary, in value, raw goods, 79,652,525

<sup>1</sup> See *Times*, October 2, 1907; *Times*, Vienna, February 17, 18, June 6, 1907.

crowns; semi-manufactured goods, 98,972,429 crowns; and manufactured goods, 708,117,541 crowns.

(Throughout the last half-century the establishment of satisfactory relations with her powerful neighbour Germany has been the chief object of Austria-Hungary, but her attempts at closer union have been wrecked by German opposition. In 1891 the monarchy chose Germany as her chief commercial ally, and by the treaty then concluded obtained considerably reduced rates, the concessions being chiefly in favour of Hungary. In 1899 37·2 per cent. of Austro-Hungarian imports were from Germany, while 48·2 per cent. of the total value of the export trade was to Germany. In 1904 German imports into Austria accounted for 38 per cent., Austrian exports to Germany for 40 per cent. of the total import and export of the monarchy, the trade from the monarchy being largely in agricultural produce.

The stiff German tariff of 1902, with its heavy duties on agricultural products, coupled with Austria-Hungary's highly protectionist tariff of 1906, appears to exclude any likelihood of that commercial and Customs Union which has been discussed for so many years, and is the necessary condition precedent to the Mid-European Customs Union, a project which seems to gain more and more adherents, apart from agrarian and racial questions. The greatest difficulty which lies in the way of such a union between Germany and Austria-Hungary consists in the difference in the political and financial systems of the two countries and in the existence of certain monopolies.)

Next to Germany, the Balkan States have attracted the attention of Austrian economists in recent years, not so much in the character of an actual as in that of a future market, susceptible of greater development.<sup>1</sup>

The geographical position of the Balkan States and the dual monarchy, with the connecting link of the

<sup>1</sup> Verein für Socialpolitik, "Beiträge zur neuesten Handelspolitik Oesterreichs," pp. vii, 63, 78, 79, 81, 82, 87, 101; Max Marse, p. 36; Foreign Office Reports, "Finances of Austria-Hungary," No. 3,947, p. 23; Vautier, pp. 456 463.

Danube highway, form natural advantages for traffic, yet so far this trade has not reached the dimensions which might have been expected, partly, no doubt, owing to Austro-Hungarian neglect, partly, also, owing to the undeveloped condition of the East, with its comparatively small wants.<sup>1</sup> Further, Austria-Hungary has been fettered by her agricultural interest, which caused a lengthy tariff war between the monarchy and Roumania, which was concluded by the commercial treaty of 1893. Recently there have been commercial difficulties with Servia, which are not yet finally settled.

Although in recent years, 1896-1900, the Balkan trade has been rendered more difficult owing to economic and financial crises and the strain of competition, the importance of the Balkan market must not be minimized, and it is especially important to Austria, as the retention and domination of that market is very largely in the interests of industry. From 1891 to 1900 the exports of Austria-Hungary to Roumania, Servia, and Bulgaria averaged 94,610,000 crowns annually, or 5·89 per cent. of the whole export trade. In 1905, 28·47 per cent. of the Roumanian imports, of the value of £3,843,910, came from Austria-Hungary, though in Roumanian exports Austria-Hungary is fourth on the list, below Belgium, the Netherlands, and Italy, with 8·98 per cent. At the present moment the monarchy is anxiously striving to retain its hold upon the markets of the Balkan States, and views their growing alienation with alarm, while it sets hopes on the development of the new markets in Asia Minor, which present so far a comparatively fresh field for enterprise. In 1906 the sale of Austrian cotton goods in Asia Minor surpassed the total sold in Hungary.

In the same year it was stated that Bulgaria, which had lately been inundated by wares of showy appearance

<sup>1</sup> "Verein für Socialpolitik," "Beiträge zur neuesten Handelspolitik Oesterreichs," pp. 106, 108; Max Marse, pp. 41; Grünberg, pp. 267-269, 306; "Die Handelspolitischen Beziehungen Oesterreich Ungarns zu den Ländern an den unteren Donau"; Grunzel, pp. 57-59; "Die Wirtschaftlichen Verhältnisse Kleinasiens."



and inferior quality, supplied chiefly by Austria-Hungary, was beginning to prefer the solidity and durability of British goods ; while the new law for the encouragement of native industries and the concessions for sugar factories and cotton-spinning strike a blow at Austro-Hungarian export trade to Bulgaria. Finally, the Germans were reported as beginning to menace "even Austria-Hungary's hitherto unassailed supremacy" in this market.

Recent Foreign Office reports show that Austria-Hungary's trade with Roumania, which was fluctuating and threatened by Germany in the first years of the new century, has recovered since 1904, Austro-Hungarian exports to that country being, as before, machinery and textiles, their imports agricultural produce, such as maize and butter.

As regards both Servia and Bulgaria, Austria-Hungary has a little-developed yet increasingly important market for all sorts of manufactured goods. The Servian market is practically commanded by Austria-Hungary, which purchases more than 88 per cent. of that country's goods, chiefly agricultural produce, such as cattle and pigs. On the other hand, the fact that Austria sells to Servia almost everything, from scientific instruments to rough sacks for holding plums, gives some idea of that country's industrial backwardness. Hungary chiefly sells horses to Servia. Although Austria-Hungary now preponderates overwhelmingly in the Servian trade, yet a change would come if Servia should manage to control her communication to the Mediterranean and reduce the cost of transport. In the course of the year 1906 most-favoured-nation treatment was provisionally accorded to Servia, as to Bulgaria and Montenegro. The arrangement with Servia, however, was not long in force, and goods from that country were subsequently subjected to the duties contained in the general tariff on entering Austria-Hungary. Negotiations for the conclusion of a commercial treaty between Servia and the monarchy were carried

on during 1907, and terminated successfully in March, 1908. The new treaty, it was anticipated as early as August of that year, would meet with adverse criticism on its presentation to the two Parliaments of the dual monarchy, by whom it has to be ratified before it can be brought into force in 1909.<sup>1</sup> Trade with Montenegro was prejudiced, as we shall see by the event of the autumn of 1908.

As regards Bulgarian imports, Great Britain held in 1908 the first place in value, but both Austria and Hungary have been pushing their goods with great energy, the former sending in huge quantities of iron bedsteads, stuffs, bags, cheap jewellery, and crockery, the latter pushing paper goods by a local agent. In all textiles, save woollen goods, Great Britain still (1905) holds an unchallenged superiority, and this trade is rapidly passing into Austro-Hungarian hands. In war *matériel* (1904) and agricultural machinery Bulgaria is also a good customer to Austria-Hungary, though the latter has hitherto been chiefly supplied by Germany.

In pursuit of her eastern extension policy, Austria has drawn up a railway programme to facilitate her communication with those markets.<sup>2</sup> In January, 1908, Baron Aehrenthal announced that Austria-Hungary's mission in the Balkans is economic, and ought to be the more important as the Balkan States are about to enter upon an era of great development. By the extension of the Bosnian Eastern Railway to the Turkish and Servian frontier, Austria-Hungary has laid the foundation of further development. The extension of that railway through Novi Bazar, suggested at the commencement of 1908, would open up Western Turkey and create a direct route between Vienna and Salonika. What is more, it would, as the *Times* (January 29,

<sup>1</sup> Foreign Office Reports, Annual Series, No. 4,109, p. 26; Foreign Office Reports, "Bulgaria," No. 3,630, pp. 3-5, 7, 8; "Roumania," No. 2,990, p. 8; No. 3,204, p. 3; No. 3,432, p. 4; No. 3,658, p. 13; No. 3,618, p. 4; "Servia," No. 2,553, pp. 4, 6-17; No. 3,139, pp. 5, 6, 8, 10-14.

<sup>2</sup> *Times*, Vienna, January 28, 29, 1908.

1908) observed, promote the interests of all concerned —of the Sultan as suzerain, of Austro-Hungarian trade and industry, of Bosnia-Herzegovina, of the inhabitants of the Sanjak, and, not least, of travellers to the East, who would only have one frontier, that of Turkey, to pass. In February, 1908, the projected railway aroused much discussion and considerable hostility, but nevertheless the permission to make a survey for the railway was obtained from the Sultan.<sup>1</sup> The annexation of Bosnia-Herzegovina by Austria, and the return of the Sanjak to Turkish control, has altered the position, but in my judgment the enormous expense of construction would in any case have proved a most serious obstacle to the project.

As regards Austria-Hungary's trade with Turkey, the Foreign Office reports show that while Great Britain still retains the lion's share of that commerce, yet the dual monarchy has proved an active and enterprising second. Although in many provinces the economic development is very small, yet Austria-Hungary bestirs herself to secure these potentially important markets. Her commercial agents are willing to deal directly with the local men and to accept payment by instalments, and even to give credit. Further, an Austro-Hungarian Bank has been founded in Constantinople.

(Austro-Hungarian exports to Turkey, as to other countries of the Near East, consist of manufactured goods, textiles, glassware, ready-made clothes, fezzes, sugar, woollen goods, and petroleum, imports from Turkey being chiefly tobacco, opium, skins, and maize. Since 1900 Austria-Hungary has made conquests over other countries, in the Turkish market. In 1900 her sugar began to supersede the crystallized sugar from Russia. By 1905 the jute trade, formerly exclusively in the hands of Dundee and Indian houses, was transferred to her, while Hungarian petroleum was pushing out the Russian product at Monastir in 1906. The purchasing power of Turkey is increasing steadily, and

<sup>1</sup> *Times*, January 28, 29, 1908; *Daily Telegraph*, February 24, 1908.

such provinces as Uskub, rich in minerals, in stone-quarries, and in a fertile soil, which produces fine crops of cereals, opium, and tobacco, present great future markets. The cotton goods, machinery, matches, soap, and paper, of the dual monarchy have been finding a widening market in these provinces. Favoured by her geographical position, it seemed in the spring of 1908 as if it only remained for Austria-Hungary to enter her kingdom. But the feeling aroused by the events of the autumn, and the consequent Turkish boycott of Austro-Hungarian goods, may prove more than a temporary obstacle to their development.

Commercial relations between Austria and Italy are based upon "ancient and natural conditions." Italy requires wood, horses, and certain industrial products. Austria has a market for Italian oranges, lemons, vegetables, fruits, flowers, oil, and wine. The only element of discord in Austro-Italian commercial relations is the wine question. By old treaties Austria granted a 3·20 florins tariff to wines hailing from the frontier districts. By the 1887 treaty this concession was subject to Italy's lowering her own duties to the same figure, but the clause was not applied. In 1891 this clause was again repeated in the new Austro-Italian Commercial Treaty, and in 1892 Italy lowered the duties on Austrian wines to the 3·20 florins tariff, with the result that the Italian export leapt from 20,000 quintals per annum to 1,500,000, a rise which was partly due to the lower duty, and partly to the ravages made by phylloxera in the nineties in Austrian and Hungarian vineyards. The great increase in the import of Italian wine resulted in considerable complications. The vine-growers of the dual monarchy complained bitterly of undue competition, and France demanded admittance for her wines under the most-favoured-nation clause. The Italian treaty was therefore given up. At the end of 1903 a provisional arrangement, which was to end in 1904, was agreed upon, the wine clause being omitted.

As the home vineyards had been reconstructed by

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1904, Austria-Hungary could now supply the home demand, and had no further interest in the wine clause, a fact which tended to complicate commercial relations with Italy. In 1906, however, a new treaty was made with Italy, by the terms of which wine imports from Italy practically ceased, but which involved no other dislocation of Austro-Italian trade.<sup>1</sup>

After 200 years of rigid protection, Great Britain was the first to proclaim the benefits and to reap the advantages of free trade. During the free trade tendency period English commerce with the dual monarchy steadily increased. But English trading relations with Austria-Hungary suffered from the reaction in favour of protection, and it was found impossible to renew the treaty of 1869. In its place England had to be contented with the convention of 1877, which assured to either party the most-favoured-nation treatment.

Ever-increasing duties have driven English textiles out of Austro-Hungarian markets, but the English have partially recouped the loss by founding industrial enterprises in the monarchy itself, and to these Hungary owes a part of her industry, and particularly her manufacture of machinery.

In 1902 it was stated that English trade with the dual monarchy had somewhat revived, but in 1907 the report on the trade of the preceding year shows that the revival has not been sustained. "With the exception of coal, which is imported to a large extent, only a comparatively small quantity of British goods find a market in Austria. The general public buy the cheaper, and in most cases more showy, articles of German and native manufacture, in preference to ours, although the superiority of the latter is acknowledged."<sup>2</sup> Further, there is a steady decline in the flour export to the United Kingdom, owing to American competition in the

<sup>1</sup> Max Marse, pp. 37-39; Foreign Office Reports, No. 3,650 (Commercial), p. 3; No. 2,662, p. 11; No. 2,785, p. 9; No. 2,950; pp. 13, 14; No. 3,029, p. 5; No. 3,250; pp. 12, 13; No. 3,357, pp. 13-17; No. 3,533, pp. 5, 10, 15, 20; No. 3,029, p. 5.

<sup>2</sup> Foreign Office Reports, No. 3,859 (Commercial), p. 6; Vautier, p. 472.

finer grades now produced by that country since their adoption of the Austro-Hungarian system of grinding. British trade methods in Austria-Hungary are open to criticism, and more might be done if British houses would send out agents who could speak the language of the country, and could make their calculations according to the Metric System and in Austrian currency.

The staple articles imported into the United Kingdom from Austria-Hungary are wheat, meal, and flour—the total value of which amounted to £342,190 in 1906—also dye-stuffs, wood, and sugar.<sup>1</sup> The principal British exports to the monarchy in the same year were cotton manufactures, cotton yarns, woollen goods, ironwork, machinery, coal, copper, new ships and boats.

The direct imports into the United Kingdom in 1906 from the dual monarchy reached the value of £1,212,800; the exports from the United Kingdom to the dual monarchy were of the value of £2,432,895. British exports in 1901 amounted to £2,141,185, British imports from Austria-Hungary to £1,191,294.<sup>2</sup>

As has already been said, in dealing with these figures it should always be recollected that the trade of Austria-Hungary with the United Kingdom is, as Board of Trade publications have shown, apt to be very much understated, owing to its transit through other countries.

The entire imports from the United Kingdom to Austria-Hungary in 1905, exclusive of the precious metals, were of the value of £6,101,328. The entire imports from British colonies and dependencies were £6,120,828, of which those from British India and Ceylon amounted to £5,627,994, those from Australia £321,040, those from the British West Indies £125,026, from Canada £15,815, from Cape Colony £19,542, and from the British Possessions in the Mediterranean £11,911.

The entire exports from Austria-Hungary to the

<sup>1</sup> Jekelfalussy, "L'État Hongrois Millénaire," pp. 5, 42; Foreign Office Reports, No. 3,650 (Finance), pp. 3, 10.

<sup>2</sup> "Statesman's Year-Book," 1907, p. 703, and 1908, pp. 737, 738

United Kingdom, exclusive of precious metals, amounted in value to £7,190,359; to the British colonies and dependencies, £2,863,948, of which £2,538,954 were to British India and Ceylon; £182,677 to Cape Colony; £76,690 to the British Possessions in the Mediterranean; £60,109 to Australia; £52,685 to Canada; and £2,828 to the British West Indies.<sup>1</sup>

The total trade of the monarchy with the United Kingdom increased by more than £1,500,000—or about 12 per cent. over the total in 1906—in 1907; while in 1906 there was an increase of 25 per cent. over the year before.

In 1907 the growth in the trade between the two countries was all on the side of the British exports to Austria-Hungary, which increased by more than 20 per cent., and totalled £8,780,090—that is to say, only £250,000 less than the exports from the monarchy to the United Kingdom.

Imports from British India include cotton, rice, hides and skins, gums and resin, metals and metal-ware; while exports from Austria-Hungary to British India included sugar, glass, paper, and woollen goods.<sup>2</sup> The Turkish boycott of Austro-Hungarian goods seems to have extended to India. In fact, it is hard to form any idea of the economic effect of the annexation till the complete trade figures for 1908 and 1909 are before us. It may well be that the results of the boycott have been exaggerated by the Press, but it is to be recollected that such an agitation is easier to start than to stop, and that even an Oriental Government cannot entirely overcome the prejudices and preferences of its subjects once aroused in the matter of buying and selling.

<sup>1</sup> Board of Trade "Memorandum on Comparative Statistics of Population, Industry, and Commerce, in the United Kingdom and some Leading Foreign Countries," 1902, p. 13. Foreign Office Reports, No. 3,798, "Trade of Beirut," p. 17; No. 3, 199, "Trade of Austria-Hungary," p. 21; No. 3,630, pp. 3 5, 7, 8; Foreign Office Reports, Annual Series, No. 4,062, p. 10.

<sup>2</sup> "Statesman's Year-Book," 1907, pp. 703, 704; Foreign Office Reports, No. 4,062, pp. 16, 17, Annual Series; Foreign Office Reports, "Trade of Austria-Hungary," No. 3,696, pp. 10-12, 17, Annual Series. See also Statistical Abstract, 1896-1905-06, Cd. 4265, p. 225.

## CHAPTER V

### AUSTRIAN FINANCE

1. HISTORY OF AUSTRIAN FINANCE SINCE 1867.
2. ANALYSIS OF THE BUDGET: Revenue and Expenditure—Direct and Other Taxes—Criticism of the Budget.
3. THE NATIONAL DEBT, PAST AND PRESENT.
4. CURRENCY AND ITS REFORM.
5. LOCAL FINANCE: THE MINISTRY OF FINANCE.
6. BANKING AND CREDIT INSTITUTIONS: Post-Office Savings Banks—The Austro-Hungarian Bank in so far as it affects Austria.
7. FINANCIAL RESULTS OF RAILWAYS.
8. GENERAL FINANCIAL POLICY: Its Effect on Trade and National Welfare.

#### 1. AUSTRIAN FINANCE SINCE 1867.

THE year 1867 marks a new era in the history of Austrian finance. In that year, with the erection of dualism, the modern economic system of the monarchy was founded, in virtue whereof the finances of either country were to be kept separate, except so far as military and naval expenditure and the outlay connected with foreign affairs were concerned. When in the same year the Parliamentary Ministry chosen from the Liberal party, and known as the Burghers, came into power, the economic position of Austria was far from favourable. The national debt, which had stood at £82,500,000 in 1815, had risen to the formidable figure of £291,000,000 in 1866. The country, which was still suffering from the effects of the recent wars and the internal unrest, had also to bear the additional burden of a war indemnity of 40,000,000 thalers, less 20,000,000 allowed on account of the duchies of Schleswig-Holstein. The currency, already of questionable stability, being partly



silver, a standard of fluctuating value introduced in 1857, and partly paper, had been further undermined by the issue of 312,000,000 gulden of *Staatsnoten* in 1866, a proceeding in direct violation of the Bank Charter, but rendered necessary to raise money during the war. Finally, the Austrian Budget at this period showed a large annual deficit, amounting in some years to £6,000,000 or £7,000,000.<sup>1</sup>

The difficulties which beset the path of the Burgher Ministry must have seemed almost insuperable, when it is recollected that the resources of the country were wholly undeveloped. Not only had debt to be faced, but the whole vast expenditure of a *premier établissement* had to be provided for. Moreover, far-reaching reforms were urgently needed.

As against this sea of troubles, the situation in 1867 was not devoid of some gleams of hope. The recent wars, which had finally excluded Austria from German affairs, and which had reduced her dominions by the loss of the Italian provinces, had relieved her of the £3,500,000 of debt affecting those provinces.<sup>2</sup> The lopping off of the Italian possessions had left the heterogeneous possessions of the House of Hapsburg more compact, while the energies of the Austrian ruler and Austrian statesmen were now focussed upon the Empire and its multifarious problems.

The two main planks of the Liberal platform were the establishment of sound financial conditions and the development of the country. They began their tenure of office by rejecting proposals to repudiate the debt, but they imposed a tax of 16 per cent. on all interest on the debt, notwithstanding the protests of foreign bondholders. They aspired to build up the fortunes of the country and transform Austria into a great industrial State by encouraging private enterprise and by the aid of free trade and railway extension. For this task

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 5; "Encyclopædia Britannica," vol. iii., pp. 123, 140; new volumes, xxvi., pp. 13, 18.

<sup>2</sup> "Encyclopædia Britannica," vol. iii., p. 123.

they seemed not ill-qualified, for among the Ministers were to be found the chief representatives of trade and industry, of commercial enterprise, and financial speculation.

The first-fruits of the new policy was an outburst of economic activity and prosperity. Every branch of economic life was permeated by the all-prevailing influence of the State, which embraced alike the larger questions of foreign commercial relations and such details as the erection of horse-breeding establishments and subventions to struggling factories.

The impulse given by the State and by the settlement of the internal relations of the monarchy, together with a series of splendid harvests, fired Austria with a feverish spirit of enterprise. Old well-established business houses were converted into joint stock companies, many new banks were founded, and the capital of old banks was notably increased. The business world rushed headlong into speculation, with the inevitable result.<sup>1</sup> "On avait trop chauffé la machine . . . puis le krach."<sup>2</sup> The country rang with financial scandals; it was proved that some members of the Government had profited by the speculation, and the Liberal Government went down, with it the banks and the companies in the general débâcle.

The economic prosperity of the first years of the new era, 1868-1872, are seen in the series of surpluses which sufficed to cover the deficits of the three subsequent years from the balance in hand. The returns of 1875 and the following years illustrate the effect of the crisis of 1873, which was heightened by the expense of the Bosnian occupation. In 1878 and 1879 this stringency touched its high-water mark, with deficits of 185,000,000 and 120,000,000 crowns.<sup>3</sup>

The financial embarrassment was aggravated by the depreciation of silver, which reached such a point that

<sup>1</sup> "Encyclopædia Britannica," new volumes, xxvi., pp. 18, 20.

<sup>2</sup> Vautier, "La Hongrie Économique," p. 58.

<sup>3</sup> "Encyclopædia Britannica," vol. iii., p. 123; new volumes, xxvi., p. 20; Mischler and Ulbrich, vol. ii., pp. 93, 94.

in 1879 its free coinage was suspended. In the same year Count Taaffe came into office, and there he remained for fourteen years. It was not till 1885 that a decided improvement took place in the situation ; in that year the deficit came down to 9,000,000 crowns. In 1886 there was a surplus of 5,000,000 crowns, followed by large deficits in 1887 and 1888, due to exceptional military expenditure from fear of war.<sup>1</sup>

Throughout Count Taaffe's administration railway extension continued, in spite of dear credit and financial embarrassment, the material welfare of the country improved, and when, in 1889, the long period of deficits finally closed,<sup>2</sup> it might be said that the first aim of the 1867 Burgher Ministry, the development of Austria into a great industrial State, was on the highroad to realization.

At last, in 1892, the Government felt in a position to undertake the long-delayed task of reforming the currency. Throughout the nineties the monetary reform continued, although its completion was retarded by the unfavourable conditions which prevailed on the Stock Exchange in 1896, and by the difficulties which arose with regard to a renewal of the commercial settlement between the two halves of the monarchy. The large indebtedness of recent years has been due partly to expenditure in connection with currency reform, partly to the acquisition and construction of numerous railways. During 1900 the financial position, which had been strained, improved, but that year also marked the beginning of a period of less elasticity in the Budget.<sup>3</sup>

Thanks to the able statesmanship, the innate tact and sound common-sense, of Dr. von Koerber, a compromise was effected in 1900 between the conflicting parties in the Reichsrath, whose differences had hitherto been considered irreconcilable. In 1901 the reception of the

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 93, 94.

<sup>2</sup> "Encyclopædia Britannica," new volumes, xxvi., p. 21.

<sup>3</sup> Foreign Office Reports, No. 1,990, Austrian Finance, p. 5 ; Mischler and Ulbrich, vol. ii., pp. 93, 94.

Canal Bill proved that the majority were willing to wave party interests for the sake of the general welfare, and that the legislative body were no longer solely inspired by a policy of obstruction and recrimination for purely personal ends.<sup>1</sup> It was reported in 1901 that in all sections of the community a more sanguine spirit had lately prevailed. On every side there was evidence that only a period of domestic tranquillity was needed to revive the energy and enterprise which the protracted deadlock had done so much to discourage.<sup>2</sup>

The estimates of 1902, however, still showed unmistakable traces of the consequences resulting from obstruction to legislation in Parliament. Revenue from taxation did not show its ordinary elastic increase, and on the other side an open-handed policy of "investments" was commenced, for which one of the reasons given was that thereby "the House of Deputies might be induced to return to active work." The Budget of 1904 gave signs that the economic depression of the last two years was diminishing, and the finances were reported to be in a satisfactory state. The improvement in the Austrian financial position was continued in 1905 and 1906, and in October of the latter year the Finance Minister stated that he had a surplus of £2,167,000 from 1905, a most satisfactory result considering Parliamentary difficulties and the quarrels of nationalities.

With the exception of the Budget of 1902, no regular Budget has been voted by the Austrian Parliament in recent years. Parliamentary obstruction having rendered almost all legislation impossible, the Budget has been sanctioned under Article 14 of the constitution, which empowers the Emperor to sanction by royal decree any measure proposed by the Ministry when Parliament is not sitting. No new tax can be imposed under Article 14, and hence, if members refuse to vote new taxation and to authorize loans, revenue can only be

<sup>1</sup> Foreign Office Reports, No. 2,664, Foreign Trade of Austria-Hungary, p. 27.

<sup>2</sup> *Ibid.*

raised on the lines of the taxation already sanctioned by Parliament.

Finally, at the end of 1907, the commercial settlement between Austria and Hungary was at length, after twelve years, to the great relief of all parties, concluded, and Austria should therefore now have good hopes of a period of commercial and financial prosperity.<sup>1</sup>

## 2. ANALYSIS OF THE BUDGET.

Since the settlement of 1867 there have been three distinct Budgets for the dual monarchy—the Austrian Budget, the Hungarian Budget, and the joint Budget.

The Austrian financial year runs from January 1 to December 31. As a rule, the estimates are framed so conservatively that the revenue is generally larger than is anticipated. In recent years, and partly owing to the large expenditure on public works, experiments have been made in methods of financing, and innovations have been introduced. In 1897 the estimates for these investments amounted to £2,500,000. The surplus of ordinary receipts and expenditure during the period 1890 to 1900 exceeded that sum, and it would therefore have been open to the Ministry to include “investments” in the ordinary Budget, and cover the deficit under this heading with the surplus receipts from ordinary sources. On the other hand, it was urged that, as increasing revenue from ordinary sources could not be considered a certain increment, the danger of a deficit in the ordinary Budget would be increased if the “investments” were included in the estimates. In 1897, therefore, the Finance Minister passed a Bill through Parliament for the creation of an investment loan. This new departure abolished the old system of what was called “departmental debts.” The Budget was divided into two parts, and from that date investment estimates were laid before the House as well as ordinary estimates.

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 18 ; No. 3,947, Annual Series, pp. 4, 10 ; No. 4,109, Annual Series, pp. 25, 26.

Under the old system, if any special department exceeded the sum allotted to it in the Budget, each separate deficit was covered by a special loan, which loans, it was found, were contracted on more onerous terms than if a loan were effected to cover the whole deficit. An argument for the "investment" loan was that, since it was irredeemable and purchased certain assets, it could not rightly be termed an increase of national indebtedness.

The double system of estimates thus introduced aroused much criticism, and in 1900 the old system of a single Budget was reverted to, owing to the impossibility of creating "investment" loans as long as obstruction obtained in Parliament and precluded the voting of fresh credits.<sup>1</sup> The Treasury had indeed covered the expense for some time from its balances, but it was forced to give in, as it could not sustain the perpetual drain.

In 1906 another reform was introduced. The system of carried-forward credits was almost entirely abandoned. In the future, when the credit is not used within the period for which it was granted, but the object for which it was granted still exists, a fresh demand will have to be made to sanction the prolongation of the credit. If the Budgets of previous years are examined, it will be seen that credits dating back several years, which had not been exhausted, were taken on for ensuing years. Carnegie, writing in 1907, states that in the last Budget there were 361 such items, some dating back to 1895, and amounting to several million crowns. This system caused much confusion, and gave the Ministry of Finance disagreeable surprises when it was called upon to meet old and forgotten claims. "These credits," Carnegie goes on to say, "have now been reduced to thirty, and only date from 1903:" most of them relate to the Alpine railways, and have not been exhausted owing to the delays in the construction of those lines.<sup>2</sup>

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 5-7; Annual Series, No. 3,947, pp. 3, 5.

<sup>2</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 5-7; Annual Series, No. 3,947, p. 4.

In 1907 a further innovation in procedure was made with the embodiment of the proposals relative to the disposal of the Budget in a separate article introduced with the Budget.

The Budget itself is drawn up in the following method: The Finance Minister lays his estimates before Parliament in October or November. During the previous summer months the various Ministries or departments draw up their respective estimates. When these are completed, the Finance Minister submits them to a council of Ministers, in order to obtain for the Finance Bill the assent of the entire Cabinet. When the Bill is finally drafted, it is submitted to the Emperor by the Finance Minister, and receives his sanction for its presentation to Parliament. The Minister of Finance, when presenting his estimates to the Lower House, refers to the financial results of the previous year, and to those of the first six or seven months of the current year. There are no fixed charges in the expenditure.<sup>1</sup> Every item in the Budget can be discussed, and must be voted every year, except the Civil List, which can only be altered every decade. The last alteration, however, was in 1892, and previous to that date it had remained unchanged for thirty years.

The accounts of a given year include only payments made in that year. Extraordinary credits are, however, voted for two years. If the regular Budget is not passed before the beginning of the financial year, the Government asks for a Budget Provisorium, or vote on account, which Parliament may make available for such time as it pleases. This Budget Provisorium, like the Budget itself, may be voted by Parliament, or sanctioned by imperial decree under Article 14 of the constitution. The vote on account for the first six months of 1905 was sanctioned by the latter method; the votes on account for the latter half of 1905 and for 1906 and 1907 were voted by Parliament. Any private member may propose an increase to the Budget. The result is that

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,947, pp. 10, 24, 25.

all sorts of unreasonable increases are proposed and carried without any feeling of responsibility. It is thought to be the duty of the Administration to find the money.

Year after year the Minister of Finance has laid his Budget before the House, but it has been allowed to die a natural death, and each succeeding session has been closed without its being passed. Parliament has for years taken no interest in the Budget, and, as a leading article in the *Neue Freie Presse* observes, "What in every other Chamber of Deputies is considered as the matter of chief importance, the most vital part of the Parliamentary system, has for a long time been treated by the Reichsrath as unworthy of notice."

When the Budget is once passed, no further Parliamentary procedure is necessary for placing the State revenues at the disposal of the Executive Government, as the Budget does this, and authorizes the expenditure at the same time.<sup>1</sup>

At the present epoch the Budget speech of the Minister of Finance may be said to contain a sketch of domestic policy, since, by the persistent extension of State enterprise and State interference and State aid in every branch of economic and social life, the commerce, industry, and agriculture of the country are far more subservient to the State than in some other countries, and the departments concerned in social and economic development are in even closer subordination to the Treasury.

At the beginning of the nineteenth century regular estimates of revenue and expenditure were not drawn up, and it is impossible to give accurate figures of that period.<sup>2</sup> But one of the features of the modern Austrian Budget is the size of the sums dealt with. In 1868 the total revenue and expenditure balanced at about £28,000,000; in 1875 at £32,647,000; in

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, p. 16; Annual Series, No. 3,947, pp. 8, 24, 25.

<sup>2</sup> Hickmann, "Geistige und Materielle Entwicklung," p. 11.



1885 expenditure was £44,121,600, with a deficit on the Budget of £407,000. In 1895 revenue was £57,446,091, with a surplus of £2,000,000 on the Budget. In 1905 the total Budget revenue was £78,416,000, with a Budget surplus, as we have seen, of more than £2,000,000, and outside the Budget there was an extraordinary revenue and expenditure in loans and investments of more than £7,000,000. The total revenue and expenditure have, therefore, more than trebled since 1868. The increase between 1900 and 1904 was more than 10 per cent. on the total amount of the Budget. In 1904 the revenue was £1 13s. 7d. per head of the population, and the expenditure £1 13s. 6d. This increase still continues steadily, for in November, 1907, the Finance Minister, Dr. von Korytowski, pointed out that since the estimates for 1905 expenditure had increased more than 20 per cent.)

The chief features of the Budget for 1907 illustrate some of the characteristics of modern Austrian finance and the policy of the Government. First there is the great leap upward which the Minister of Finance has made in revenue and expenditure, justified by the growing development shown by the revenue from taxation. Secondly there is the vast outlay due to the numerous works of a social nature undertaken by the State, and especially the increased emoluments of thousands of State servants, the increased pensions of widows and orphans, which additional expenditure absorbed more than a third of the whole of the proposed increase in the 1907 Budget.<sup>1</sup> Almost every item in the Budget showed an increase, but notably railways and education.

The first class of ordinary receipts consists of the direct taxes, which may be divided into two groups—real and personal. Since 1868, as we have seen, Austria

<sup>1</sup> "Encyclopædia Britannica," new volumes, xxvi., p. 6; Foreign Office Reports, No. 3,343, Annual Series, pp. 6, 15, 16; No. 3,947, Annual Series, pp. 11, 13, 17; *Times*, Vienna, November 5, 1907; Max Marse, p. 65; *Times*, Vienna, October 12, 1906, Dr. von Korytowski's speech.

has had to contend with severe financial embarrassment, which has only been overcome after many years of difficult and uphill work, and by means of considerable financial reforms.

As long ago as the fifties a reform of taxation, with the object of raising more revenue, was being generally discussed. In the early sixties political events threw the question into the background. Under the Burgher Ministry, however, a revision of the system of taxation became the order of the day, and in 1869 several Bills dealing with a general revision of direct taxation were laid before the Houses. The introduction of an income tax was proposed, and also an industries tax. The land tax, however, was reformed, although the old basis of adjustment was retained. After the introduction of these Bills the taxes were raised, so that additional revenue was obtained. Beer, writing in 1877, stated that the additional amounts (*Zuschläge*) were voted for the current year with stereotyped regularity.

The discussion of the other reform projects continued until the Burgher Ministry went out, but finally a provisional reform was passed under the Lasser-Auersperg Ministry. The reform of 1889 was one of the factors in the disappearance of the chronic deficit. Almost at the close of 1896 a law passed the Reichsrath which sanctioned the application of an entirely new method of taxation. This law, which came into force in 1898, provided for the reform of the then existing system of levying taxes on professional earnings, for the introduction of a private rente, or income tax, and, thirdly, for the introduction of a personal income and salary tax. The tax was ordered to be assessed according to a gradually progressive scale, increasing in proportion to the earnings involved, the minimum to be levied being about 2s. 6d. The private income tax was to be paid by persons in receipt of income not included in any other category of taxation. This has particular reference to incomes derived from the interest on securities, or to those derived from property let out on lease, etc. The

personal income and salary tax was to be levied on all incomes and salaries exceeding about £50 per annum. The assessment scale began with a 6s. minimum.<sup>1</sup> Those persons who were in receipt of yearly incomes amounting to 3,200 florins or more were to be liable to a supplementary impost irrespective of the personal income tax above mentioned. This additional tax was also to be levied on a progressive basis.<sup>2</sup>

The existing real taxes are the land tax and the house tax. The existing personal taxes include the tax on all industries, the tax on all businesses which have share capital, all limited liability companies, savings banks, etc.; thirdly, the tax on investments, the personal income tax, the tax on salaries; fourthly, the tax on hawkers, roving troupes, menageries, etc.

The following are exempt from the land tax, which brings in about £3,125,000 yearly: the Royal Family, the State domains, forests, salt works, and railways, also lands devoted to religious and educational purposes, which are under State control.

The house tax includes the tax on rent, which is only levied in districts where at least half of the houses are rented, and half of the rooms of such houses; the house class tax, drawn from houses not rented outside the places where the tax on rents is imposed; and the tax of 5 per cent. of the net income of all houses. This tax is only levied on houses which have been constructed for some years (twelve to thirty), and churches, State buildings, hospitals, and any buildings connected with religious and charitable purposes, are exempted therefrom.

In 1900 the taxation on realty brought in 8·2 per cent. of the total revenue, and in 1905 8·5 per cent. In the 1906 Budget the land tax was estimated at £20,800

<sup>1</sup> Beer, "Der Staatshaushalt Oesterreich Ungarns seit 1868," pp. 92, 299, 325, 330, 340-398; Foreign Office Reports, Annual Series, No. 3,343, p. 25; Beer, "Die Finanzen Oesterreichs im xix Jahrhundert," p. 385; "Encyclopaedia Britannica," new volumes, xxvi., p. 21; Foreign Office Reports, No. 1,990, "Austrian Finance," p. 13; Marcé, "L'Impôt sur le Revenu," pp. 3, 14, 15.

<sup>2</sup> Foreign Office Reports, No. 1,990, "Austrian Finance," p. 13.

lower than in 1905, but the proceeds from the house tax were expected to be £90,000 higher.

The tax on industries is levied on all means of gaining a livelihood, exemptions being made in the case of invalids, cripples, students giving lessons, and others unable to earn a permanent livelihood. The tax on companies, the most productive of the personal taxes in 1900, steadily fell in the four years 1900–1903 inclusive, while the returns from the personal income tax steadily increased in the same period. In 1907 direct taxation yielded £13,016,000.

In addition to direct taxation, a large revenue is derived from indirect taxation—from the excise of spirits, wine, beer, sugar, meat, beasts for slaughter, and mineral oil: £14,424,000 in 1907, and £14,846,000 in 1908.<sup>1</sup> Again, the State monopolies produce considerable revenue—that on salt £1,981,000, and that on tobacco £10,165,000, in 1908. In that year stamps and fees produced £6,898,000, and posts and telegraphs £6,688,000.<sup>2</sup>

Although both the direct and the indirect taxes gave increasing returns in 1905 and 1906, signs were not wanting in 1907 to show that revenue, both from direct and from indirect taxation, might soon fail to expand as regularly as during the last few years.<sup>3</sup> A reform of the whole system is urgently needed, but, though in 1906 the Finance Minister did suggest a reform of the house duty, the Austrian taxpayer continues to groan under taxation so heavy as to amount to a serious deterrent to economic activity. It was calculated in 1900 that, on every 100 francs acquired by the citizen the State claimed 50 centimes in Belgium, 85 centimes in England, 85 centimes in Germany, 1 franc 26 centimes in France, 1 franc 90 centimes in Austria.

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, pp. 25-27, 29; No. 3,947, Annual Series, pp. 5, 10; No. 4,109, Annual Series, p. 8. For tables see Appendix.

<sup>2</sup> Foreign Office Reports, Annual Series, No. 3,947, p. 17; Annual Series, No. 4,109, pp. 8, 9.

<sup>3</sup> *Times*, Vienna, November 5, 1907.

Not only is the burden disproportionately heavy in Austria, but it is further increased by uneven distribution. For instance, the personal income tax, which is looked upon as the most up-to-date form of taxation, is not only, as at present administered, very expensive to collect, but it undoubtedly spares the rural as compared with the urban taxpayer. Lastly, it gives rise to fraud, already too prevalent in Austria, where "an easy morality" as regards the payment of taxes has ever predominated.

An article in the *Marché Financier* of 1900-01 concludes its condemnation of the Austrian system in the words: "Et l'on s'étonne de la stagnation de l'industrie autrichienne. Ce qui serait étonnant, c'est qu'elle fît des progrès."

Although this article was written at a moment of great depression, which extended to every European market, and also to the American market, as well as to that of Austria, yet it is very generally held that, if the Austrian system of taxation does not keep industry stagnant, it acts as a serious handicap. For instance, the tax on companies with an issued share capital amounts to 10 per cent. of their net profits, while, the rates also being very heavy in this respect, the companies have to pay in all more than 20 per cent. of their net profits to the State.<sup>1</sup> On the other hand, finance officials declare that, although the taxes are high, yet the taxpayer is well able to support the burden.

The income tax is in many cases a double tax. Thus, a merchant who owns land in the country and a house in town not only pays the land tax, the house tax, the industry tax, and probably a tax on dividends, but also, when the total of his taxation is deducted from his gross income, he pays income tax on his income, counting the income derived from the various sources already taxed. The tax on salaries is levied on all persons

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,947, p. 7; Annual Series, No. 3,343, pp. 28-29; Raffalovich, *Marché Financier*, 1900-01, pp. 492, 511, 512; Marcé, "L'impôt sur le Revenu," pp. 61-71.

receiving salaries of £266 or more per annum, and such persons have also to pay the income tax on their salaries as well.

Among the ordinary expenses come first those connected with the public debt. The public debt was estimated at a larger sum in 1901 by 1,092,521 kronen than in 1900, owing to an increase in the interest by the projected issue of *Tilgungsrente* (sinking fund stock), by which the Government raises the money necessary for the conversion of the old lottery loans into 4 per cent. consols. The extinction of the national debt is not part of the Budget, and is separately provided for.

In the 1907 Budget the Ministry of Railways claimed the largest portion of the increase—viz., £1,400,000; and to this must be added £1,312,500 out of the 1903 surplus, which brings the total rise in railway expenditure to £2,712,500 more than proposed for 1906. Of this amount, £2,183,800 were for extraordinary expenses, for making new lines and for increasing the rolling-stock. Working expenses were estimated at £541,700 higher; but, on the other hand, larger receipts were anticipated. About £41,700 more were required for old age pensions.<sup>1</sup>

It has been said of Dr. von Korytowski that he can make penury attractive and deficit satisfactory. The "artistic" possibilities of the Austrian Finance Minister were not, however, tested to the full in presenting the estimates for 1908, because *miseria* seemed distant;<sup>2</sup> but in the preceding lean years some ingenuity has had to be displayed to obtain a favourable balance—a result which, indeed, required some juggling with the items on the revenue side of the balance. Thus in 1903, Sir Alan Johnstone points out, a balance was only obtained by drawing upon the reserve to the extent of £262,000, and utilizing the remaining profit from the new coinage, amounting in all to £546,000. Further, on the revenue

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 8, 12, 13, 29; Annual Series, No. 3,947, pp. 12, 23.

<sup>2</sup> *Times*, November 5, 1907.

side of the Budget appeared a sum derived from the Chinese War indemnity. The Budget of 1904, again, was only balanced and a surplus obtained by introducing receipts of an extraordinary character. For instance, £375,000 is credited to the revenue account as a result of the absorption by the State of the country postmen's pension fund ; so, too, with the money voted by Parliament as bounties on exported sugar, being no longer wanted to pay the sugar manufacturers, in consequence of the Brussels Sugar Convention ; lastly, during 1903 some Austrian rentes were converted from a 4·2 per cent. to a 4 per cent. basis, which effected an annual saving to the Budget of about £300,000, and this sum also appears on the credit side of the estimates.

Altogether, therefore, what with the sugar bounties, the postmen's fund, and the saving of interest on rentes, a sum of £1,500,000 was credited to the Budget, which can only be considered as extraordinary revenue, like the profit from the Mint and Treasury surplus which were credited to the Budget of 1903. It should be noted that Mischler and Ulbrich, in their summary of the Budget for 1903, record a deficit of 1,894,000 kronen, and add in the separate column entitled "Balance of Ordinary and Extraordinary Revenue" a surplus of 4,313,000 kronen.

In view of this method of balancing, the Austrian Budget is not very convincing ; but, on the other hand, improvements are, as we have seen, being introduced which tend to increase accuracy and to present a more reliable view of the finances of the country. For instance, in 1907 the fictitious item of reimbursements, which figured in 1906 at £737,320, disappeared from the revenue side of the Budget. This was a sum which the Austrian Minister for Finance was to have received annually from the common Minister of War under an arrangement made in 1904, but not a farthing of which was actually paid.<sup>1</sup>

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 15, 18, 19 ; Mischler and Ulbrich, vol. ii., p. 94 ; Foreign Office Reports, Annual Series, No. 3,947, pp. 4, 5, 11, 23.

## 3. THE NATIONAL DEBT.

The Austrian national debt may be divided broadly into two groups: a so-called general national debt, which is borne jointly by the two halves of the dual monarchy, and the debt of the Austrian half alone.

The law of June 20, 1868, was passed with the object of unifying, as far as practicable, the various classes of the general national debt by means of a loan. According to the statement of the commission for the control of the general debt, the latter at the end of December, 1867, was composed of eighty-seven various classes of debt, with fifteen degrees of interest payable thereon from 1 to 6 per cent. Several of these categories went back to the eighteenth century, and were of very diverse currencies, two of them being in pounds sterling. Capitalized on a common basis of 5 per cent., these debts represented a total of £252,000,000 in round numbers. The unified debt into which all the categories were converted in 1868 is not really a 5 per cent. debt, but  $4\frac{1}{6}$  per cent. debt, as a 16 per cent. tax on the interest was introduced at the same time. This 16 per cent. tax replaced the 7 per cent. income tax until then in force.

On September 5, 1867, the Hungarian Deputation represented to the Austrian Deputation that, though the State debts could not strictly speaking, or in accordance with the constitution, be binding on Hungary, since they were contracted without her consent, nevertheless the lands of the Hungarian Crown were ready to make an annual contribution towards the debt, which should be one fixed, unchanging sum. As early as 1861, Deak had pointed out that it was not expedient that Austria should bear the overwhelming burden of the whole debt. The settlement of the contribution to be paid by Hungary was the subject of much discussion, but it was finally agreed that the sum should be 29,188,000 florins. By this contribution it was calculated that Hungary paid 20·88 per cent. of the interest of the debt. After the reduction of the interest from 5 to  $4\frac{1}{2}$



per cent., that proportion rose to 25·16 per cent. Sir Alan Johnstone in his report speaks of an agreement of 1876 which seems to be the same as that described by Deutsch as taking place in 1868. According to Sir Alan, Hungary bound herself by the 1876 agreement to pay a fixed annual sum of 29,180,000 gulden (8,000 gulden less than the sum mentioned by Deutsch), or £2,431,000, towards the interest on the general debt.<sup>1</sup> In return it was stipulated that Hungary should be free of every obligation in respect of Government loans, and that the debt, which was previously a joint one, should be declared to be exclusively Austrian.)

By the conversion of the  $4\frac{1}{2}$  per cent. rentes to 4 per cent. in 1903, the relation in which Hungary stood to the debt, and the amount of her contribution to the interest, became once more a subject of keen public controversy. Hungary sought to secure an advantage by proposing to pay the corresponding capital once for all instead of the yearly interest. Differences then arose as to the amount of the capital. Hungary insisted upon taking a 5 per cent. basis for the capitalization—that is, calculating the capital at twenty times the annual interest. Austria, on the other hand, stood out for a  $4\frac{1}{2}$  per cent. basis. The sum at issue amounted to £9,333,000 in the redemption capital. Tedious negotiations continued, but the prolonged haggling did not result in a settlement. The difficulty was surmounted by the exclusion of the capital sum of £58,341,000 from the 1903 conversion, this sum being treated as Hungary's proportionate share of the debt, while Austria's share, £150,854,000, was converted. The eliminated sum is known as the Hungarian Block, and interest at  $4\frac{1}{2}$  per cent. continues to be paid on it.

The question was definitely settled in 1907 as follows: Austria has the right to convert the Hungarian *Block* rentes from  $4\frac{1}{2}$  to 4 per cent. at any time, and may appropriate the proceeds of the conversion.

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 71, 76, 77; Deutsch, "Der Beitrag Ungarns zur Oesterreichischen Staatsschuldverzinsung," pp. 5, 12-15, 31, 32.

Hungary engages to redeem her annual payment of £2,431,000 interest by paying the capital amount within twenty-two years after the conversion of the *Block* rentes.

The basis for capitalization is fixed at 4·325 per cent. up to the end of the tenth year, after which it is progressively lowered to 4·2 per cent. Austria makes a net gain in every case, but the later Hungary makes repayment the larger grows that gain.<sup>1</sup>

The principle adopted in the conversion of 1903 was that applied by Lord Goschen in England in 1888, a principle imitated in Prussia, France, and elsewhere. By this method it is assumed that every holder of Government securities, who within a given period does not give notice of his intention to claim repayment, tacitly acquiesces in the reduction of the interest. Of the £62,407,000 silver rente and the £88,426,000 paper rente which was notified as about to be subjected to conversion, only £266,200 was presented for repayment. The holders of 99·8 per cent. of the bonds subjected to conversion had tacitly acquiesced in the terms proposed. The chief financial result of the conversion was a considerable saving of interest to the State. In 1903 the economy was £73,333, in 1904 £301,666. The cost of the operation to the State was covered by a single expenditure of 3,410,000 kronen, or £142,000.<sup>2</sup>

The State debt of Austria grew very moderately from the beginning of the nineteenth century to 1850, but from that date the debts, general and separate, of both halves of the monarchy grew largely. In Austria the debt per head of the population rose from 70 to 162 florins between 1868 and 1899. [The total general debt stood in 1906 at £223,597,000.] The total Austrian consolidated debt rose from £156,154,000 in 1903 to £176,669,000 in 1906. The total floating debt of the two halves of the monarchy has disappeared since February 1, 1907, as the old State notes have ceased to

<sup>1</sup> Foreign Office Reports, Annual Series, No. 4,109, pp. 14, 15.

<sup>2</sup> Foreign Office Reports, Annual Series, No. 3,343, pp. 76-79; Annual Series, No. 4,109, p. 15.

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be current since that date. The Austrian floating debt sank from £570,000 in 1903 to £133,000 in 1906. Austria has now no floating debt in the form of Treasury bills or short-term State obligations. The designation "floating debt" applies only to the State salt-mine certificates (*Salinen scheine*), on which money was formerly raised in time of war, and which are not yet entirely redeemed. The adoption of a Treasury bill system for floating debts has been recognized by Austrian financial authorities as presenting real advantages.

In the 1907-08 report the items of the national and Austrian debts were rearranged, and the old incorrect arrangement, under which the floating debt of £2,520,000 figures in the national debt, has been discarded by the Minister of Finance, although it is still adhered to by the Austrian Statistical Year-Book.<sup>1</sup>

The functions of a floating debt are now performed by the Treasury balance, which might be reinforced by a special issue of consolidated stock in case of emergency. This feature of the Austrian financial system is worthy of special attention, as it enables the Minister to avoid recourse to a loan, and to meet extraordinary expenditure without adding one penny to the indebtedness of the nation.

The principal factor in the increase of the national debt since 1900 has been the expenditure on public works. Thus, in 1901 a 4 per cent. Crown rente was issued to cover the outlay on railways, followed by a further issue in 1902 at 94 per cent. In 1904 a loan was issued at 97·5 per cent.—an increase accountable by the Russo-Japanese War and a panic on the Paris stock market. In 1905 and 1906 there came further loans, which were characterized by great steadiness—a contrast alike to the country's condition in the past and that of other countries at the present time. In November, 1907, however, Dr. von Korytowski expressed the hope that during the coming year the contracting of new debt for

<sup>1</sup> Foreign Office Reports, Annual Series, No. 4,109, p. 13 ; Annual Series, No. 3,947 p. 21.

ordinary purposes might be avoided, as it had been during the eighteen preceding months, on the ground that the state of the money market enjoined the avoidance of loans even for the normal conversion of old unconsolidated stock into consolidated stock.

Contrary to the statements made by the Minister of Finance in his Budget speech, and to general expectation, £6,250,000 4 per cent. crown rentes were issued in May, 1908, and placed at 96½ with the Savings Bank and the Rothschild group. This issue was effected when the conditions of the money market were favourable, in order to prevent any undue drain on the Treasury balances later in the year.<sup>1</sup>

In 1906 the total amount expended by Austria in interest redemption and control of the national debt was £17,846,000, the contribution received from Hungary amounted to £2,526,000, so the total actually paid from the Austrian Exchequer was £15,320,000.<sup>2</sup>

Before leaving the subject of the national debt, a word must be said about the *Tilgungsrente*—literally, sinking fund stock—an annual item which puzzles students of the Austrian Budget. The sinking fund stock does not, as its name suggests, refer to actual redemption of debt, but to the consolidation of the public debt by the conversion of the old lottery loans into 4 per cent. consols. Some £1,041,000 worth of these lottery loan bonds are drawn for payment every year. The simple conversion of such bonds into 4 per cent. consols would cause a considerable burden to the State, because one category of these bonds bears no interest at all, and another only 2 per cent. interest, investors having been attracted originally by the chance of securing a remunerative prize if their bond when drawn for payment happened to bear a prize number. The interest formerly paid on the lottery bonds is therefore capitalized at 4 per

<sup>1</sup> Foreign Office Reports, Annual Series, No. 4,109, p. 14.

<sup>2</sup> Hickmann, "Geistige und Materielle Entwicklung," pp. 11, 12; Foreign Office Reports, Annual Series, No. 3,343, pp. 72, 75; No. 3,947, p. 21; No. 4,109, pp. 3, 13, 14; Mischler and Ulbrich, vol. ii., p. 94; *Times*, Vienna, November 5, 1907.

cent., and the equivalent of this capital sum is issued in 4 per cent. consolidated stock. This stock, usually varying between £540,000 and £670,000 a year in amount, is called *Tilgungsrente*. The difference between the amount of the lottery bonds redeemed and the *Tilgungsrente* issued is paid as an item of current expenditure out of current revenue.

The new *Tilgungsrente* are calculated on a 97 per cent. basis, so that the net amount to be issued represents a sum of £721,033.<sup>1</sup>

#### 4. CURRENCY.

Although the currency of the Austro-Hungarian monarchy was, properly speaking, a silver currency, with a mintage basis of 45 florins per Customs pound of fine silver (i.e., £7 10s. per kilogramme), actual cash payment by the Austro-Hungarian Bank existed only for a short period at the end of 1858.

The efforts to regulate the confusion in the currency produced by excessive issue of paper money for State purposes were rendered nugatory by the wars of 1859 and 1866. The war of 1866 led to the issue of 312,000,000 florins in uncovered State notes. These notes, which were almost entirely called in between 1892 and 1901, and the last of which have now disappeared, formed, as long as the agio, or premium on silver existed, the only medium of exchange in the dual monarchy. Owing to the fluctuations in the paper money in its relation to silver, the dual monarchy was forced to demand, as well as to engage to pay, silver in all international financial intercourse, such as the payment of Customs duties, as long as silver was the monetary standard of most other European countries. In 1871 the silver premium, which had sometimes been more than 50 per cent., was still above 20 per cent.

With the adoption of a gold standard by the German

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,947, pp. 22, 23; No. 4,109, p. 7. The latter is an excellent report by Mr. Carnegie.

Empire in 1878 began that violent depreciation in the value of silver which gradually altered its relation to gold from the so-called Latin relation of 1-15½ which had existed almost unaltered throughout the century.

Throughout the seventies the extraordinary fall in the price of silver on the international market continued. As a result of this fall in value, the silver florin gradually lost its agio, and the Austro-Hungarian Bank soon found itself inundated with silver from abroad. The Government, fearing that this influx of silver would adversely influence the steps which had been taken since 1867 in the direction of a gold standard, relieved the National Bank from its obligation to accept silver in return for its notes, while in 1879 the coinage of free silver for private account was suspended. In this way the depreciation of the Austro-Hungarian currency and the accumulation of silver in the mints was effectually checked, and the threatened inflation of silver for purely speculative purposes, which by increasing the coin in circulation would have depreciated the value of the Austrian florin, was successfully prevented. The regulation of 1879 led to the fancy value of the Austrian currency, and the silver as well as the paper florin at length obtained the value of twice the silver in the silver florin. This fancy value was the principal cause which led to the currency reform of 1892 and the adoption of a gold standard.<sup>1</sup>

The Coinage Act of 1892, passed after much discussion, established the gold currency in Austria-Hungary, with the crown as monetary unit. Gold coins of the realm of the value of 20 and 10 crowns were struck in the proportion of  $\frac{900}{1000}$  parts of gold to  $\frac{100}{1000}$  parts of copper. With respect to the two-florin, one-florin and quarter-florin pieces hitherto in use, the new Coinage Act provided that they were to remain current coin until further notice, but enacted at the same time that silver coins of the realm in Austrian currency were no

<sup>1</sup> Foreign Office Reports, Miscellaneous Series, No. 571, pp. 3-5; Annual Series, No. 3,343, p. 129.

longer to be minted. In 1893 the silver coin of 2 florins and  $\frac{1}{4}$  florin were withdrawn from legal circulation. Later a new species of coin, the five-crown piece, was issued. The Austrian currency, however, was a "limping" gold currency, as silver gulden or florins continued to be legal tender up to 50 crowns.

The most important question in the reform was to provide means of funding the State notes, which could only be accomplished by specie in the new currency—*i.e.*, in gold. Hence in 1892 the Austrian Finance Minister was authorized to raise a loan by the issue of 4 per cent. gold rente bonds, to yield in gold a sum sufficient for the redemption of the Austrian portion of the State notes. Similar measures were taken in Hungary. The gold was minted in crown currency, and was generally handed over to the Austro-Hungarian Bank. In place of the State notes, the Austro-Hungarian Bank issued bank notes payable at any time in gold, and guaranteed by the gold reserve of the bank.

On January 1, 1900, the obligatory calculation in the crown currency was introduced throughout Austria-Hungary. On August 1, 1901, the Austro-Hungarian Bank made a total issue of gold coins, and between that date and 1908 the bank put gold coin to the value of £17,300,000 (416,000,000 kronen) into circulation. People did not take kindly to the gold coins. They were heavy, they were easily lost, and much less easy to handle than paper, and they were liable, it was said, to be mistaken for silver coins. The result was that only 159,000,000 out of the original 416,000,000 kronen remained in circulation.

The whole Austro-Hungarian reform, which in its initial stages was regarded with little confidence, may now be considered a complete success. Max Marse calls the currency reform the most important chapter of the economic history of Austria of late years,<sup>1</sup> while

<sup>1</sup> "Statesman's Year-Book," 1907, p. 704; Foreign Office Reports, Annual Series, No. 3,343, pp. 130-132; Miscellaneous Series, No. 571, pp. 5-8; Annual Series, No. 3,947, p. 21; Max Marse, "L'Autriche à l'Aube du xx<sup>e</sup> Siècle," p. 69; "Encyclopædia Britannica," new volumes, xxv., p. 13.

Bennett sums up the incalculable benefit it has conferred in the words : "The industry and commerce of Austria-Hungary, which for almost half a century have suffered from the unwholesome influences of an ever-fluctuating medium of exchange, are now in the position to enjoy the blessings of a well-regulated currency."<sup>1</sup>

It has been said that, to perfect the reform of the currency, specie payments would have to be made obligatory by law. Both Governments presented Bills to their respective Parliaments to this effect in 1905, but they have not been passed. In practice the specie payments are generally made so that their voluntary nature is not felt. Meanwhile there have arisen persons of eminence who attribute a special virtue to the inconvertible notal currency. "Austria-Hungary," says the Vienna correspondent of the *Times*, writing in May, 1908, "as a State, was able to set the recent gold crisis at defiance. While the United States was gasping for gold; while the Bank of England was striving on the one hand to meet the demands upon its gold reserve, and on the other hand to defend its gold reserve by a 7 per cent. bank rate; while the Bank of France was lending tons of the precious metal to London; while Berlin was groaning under a bank rate of  $7\frac{1}{2}$  per cent., and failures of well-known firms were frequent, the Austro-Hungarian bank rate never rose above 6 per cent., the gold reserve of the State Bank was not exposed to a single heavy draft of metal, and no important failure occurred in the commercial world."

According to all the academic theories, a State with what is practically an inconvertible paper currency ought to suffer severely when gold is scarce, and consequently at a premium. Yet Austria-Hungary did not suffer, nor were her paper notes ever at a discount. Professor Knapp, who has made a special study of the subject, does not go so far as to say that the standard of a gold currency is a mistake, and that a paper currency

<sup>1</sup> Foreign Office Reports, Miscellaneous Series, No. 571, p. 8; *Times*, May, 1908.



inconvertible, or only optionally convertible, is preferable, but he points out that paper currencies in the past have represented an unusual state of things. Paper currency that represents a sound condition of things need not be depreciated ; and where that is the case, he and others argue, the notal standard is superior to any metallic standard for practical purposes, and if gold is to be maintained, it is far better for it to be in the vaults of the State Bank, and to be under the control of a central national authority, than for it to be scattered throughout the country in the pockets or strong-boxes of individuals. Gold thus scattered can always be drained out of a country by clever banking manipulations, while inconvertible paper cannot be so drained. The credit of a country will then depend upon the soundness of a country's political and financial institutions, and not upon the amount of gold which the State Bank may be able to retain by raising its rate of discount.<sup>1</sup>

According to Professor Knapp and the partisans of the State theory of money, the only basis of the steady value is the action of the State in regard to it. What, then, is the well-organized system by which the Austro-Hungarian State controls the price of its currency, a method which not only involves no loss, but brings gain and keeps prices steady ? According to the statutes of the Austro-Hungarian Bank, £2,500,000 of its metallic reserve may be composed of foreign acceptances and bills of exchange payable in gold. These acceptances bear interest, and are consequently more profitable to hold than dead coins or gold bars.

Whenever the price of gold bills or acceptances in the money market has been low, the State Bank has bought heavily, and has thus tended to bring up the price and protect the rate of exchange. Whenever the price of gold bills has risen, the State Bank has placed enough bills and acceptances in the market to satisfy the demand and check the rise. In these operations

<sup>1</sup> Foreign Office Reports, Miscellaneous Series, No. 571, p. 8 ; *Times*, May, 1906.

the bank has usually made considerable profit, and as the profit has been payable in gold, it has steadily increased its gold reserve. Frequently, also, it is able to pay paper in discharge of its own obligations, and to draw gold from abroad in payment of the foreign bills it has held. In the second half of 1901 it strengthened in this way its gold reserve by more than £6,000,000. Gradually its reserve has increased, till the Austro-Hungarian Bank has become one of the strongest in Europe, and has twice been able to lend large sums to the German Imperial Bank and the Bank of England, without ever being forced to part with gold against its will. Professor Knapp declared, at the end of an address he delivered in Vienna in the spring of 1908 to an assembly of the principal bankers, financial officials, and economists, that Austria-Hungary is a classical country, not in respect of the best monetary system at all times, but as offering the best example of the development of monetary systems. An inquiry has been opened at Berlin into the whole of this knotty question, and it will be interesting to see whether German experts will lay down that the Austro-Hungarian method could be practised by any other country not having an inconvertible or only an optionally convertible currency, or that the possession of either such currencies is a permanent advantage. The fact remains that the power of refusing to redeem its own notes in gold has been of the greatest service to the Austro-Hungarian Bank.<sup>1</sup>

##### 5. LOCAL FINANCE: THE MINISTRY OF FINANCE.

One branch of the finance of Austria which has claimed special attention in recent years is that of local finance.

Within the last few decades there has been a vast extension of local autonomy, accompanied by a corresponding growth of local expenditure. Within the sphere of the local authorities lie such questions as the

<sup>1</sup> *Times*, 'May, 1908.

sanitary police, the poor law system, the upkeep and endowment of elementary schools—which have marvellously developed, and upon which additional duties have been heaped in connection with the taking of the census, with veterinary matters, sick and accident insurance, and other such subjects.

The local revenue has increased, but not in proportion to the burden. For the provinces the *Landesfonds* have been, up till now, the most satisfactory source of income.

Hitherto the means of providing for these duties has been by additions (*Zuschläge*) to the State taxes, and in particular to the direct taxes. This has been taken as the easiest method, because the introduction of independent local taxes (*Abgaben*) would involve a provincial legislation, and in addition great capacity on the part of provincial administration. In provinces and large towns there are often old forms of taxation and sources of revenue which could be utilized, such as the taxes on luxury in Salzburg.

Small communes, however, have but slender resources with which to meet the heavy demands. Recently efforts have been made to improve local finance; the last step in this direction was the introduction of a provincial beer duty, which has been effected in every province with the exception of Vorarlberg. In 1903 and 1904 the question of local finance was brought very clearly before the public, the necessities of Bohemia being recognized as peculiarly urgent, and in 1905 a conference was held on the subject.

The system of *Zuschläge* has been used in such a way as to be injurious to the national finances. From 1862 to the present time the additions to the taxes for provincial needs (*Landesbedürfnisse*) has risen about 321·4 per cent., those of the districts (*Bezirke*) 519·9 per cent., and those of the communes (*Gemeinden*) about 587 per cent. The additional rates were in 1900 nearly 84 per cent. of the net revenue from direct taxation. Each province varies, but, generally speaking, local railways form a “doleful chapter,” in

Urban's phrase, in the history of local finance. They have been unprofitable, and have proved a great burden to the local administration. Finally, very little has been done locally for the poor.<sup>1</sup>

According to the official view, the ruin of local finance is the parity of the nationalities. When a sum is voted for some necessary object benefiting one nationality the other nationalities immediately claim a like amount, whether it is wanted or not, and in case of refusal resort to obstruction.

Again, as in the imperial so in the local Government: little interest is shown as to how the sums voted are to be provided; there is no responsible finance Minister in the local body, and expenditure is not limited.

A flagrant example of the reckless expenditure of public moneys in Austria has been the construction of wholly unnecessary lines of railway, for no better purpose than to add to the prestige of the local member of Parliament! With the exception of the socialist M.P.'s, who are acquitted of any desire for foolish expense, extravagance is the order of the day with the politician, for economy has no advocates.

On the other hand, to set against this senseless expenditure, many local matters have been too long neglected; agriculture suffers from want of irrigation in some places, and of drainage in others. Thus, Galicia is a swamp, while the Dalmatian islands have to procure their water from Fiume.

The problem confronting reformers is how to bring order into the present chaos, to tap fresh sources for covering expenditure, to lessen the cost of buildings, reduce the now excessive salaries of the teachers, and apply the revenue to legitimate objects, without in any way infringing autonomy.

One of the most feasible proposals for reform has been that which suggested the assignment of the *Realsteuern*, or taxes on realty, to the provinces. This does not,

<sup>1</sup> Mischler and Ulbrich, vol. ii., pp. 99-101; Urban, "Die Finanzen der Territorialen Selbstverwaltungskörper in Oest.," pp. 3, 4, 11, 12, 38, 39.

however, meet the view of Urban, who has made a special and critical examination of the present system. In his view, what is wanted is the individual reform of the special local finances. The province, the district and school boards, as well as the parish, must each have its separate Budget separately reformed. The assignment of the real taxes would be suitable to small autonomous bodies, but not to the province.

It is probable that in the long run the State will be obliged to make a considerable contribution to the local rates, but the whole question, which is one of the greatest importance, has been relegated to the background owing to the interest of the larger political questions, affecting the very existence of the State.<sup>1</sup>

The official who presides over income and expenditure in Austria, or, to use the constitutional expression, in the kingdoms and lands represented in the Reichsrath, is at the present time the Finance Minister. The office has undergone many changes since the time when the President of the general Hofkammer bore the title of Minister of Finance. In 1848 the Hofkammer ceased to exist, and the ordinance regarding the newly erected Finance Ministry came into force. By the decree of 1852 the Ministry was divided into three sections, and, in addition to other powers, received certain rights of co-operation, such as the right to assent to the enhancement of taxes, a right to be exercised conjointly with the Minister of the Interior. In 1853 and 1859 the duties of the Ministry were again increased by the dissolution of the Ministry of Trade, Industry, and Public Works, and the transfer of some of its duties to the Finance Department. In 1861 many of these new duties were again withdrawn. Further changes were made in 1867, 1872, 1882, and 1886.

At present the Minister of Finance has very wide powers in connection with the Budget. For instance, he can administer the balance as he pleases, although he must bring in a Bill specifying the purposes to which

<sup>1</sup> Urban, pp. 33, 56, 61-63, 66.

he proposes to apply the surplus of the previous year. When the Budget is sanctioned, the Finance Minister credits the various Ministries at the central State office with the sums assigned to them. The closed accounts are first submitted by the President of the Imperial and Royal Audit Office directly to the Emperor, who returns them under rescript to the Finance Minister, and authorizes him to present them to Parliament. In his Budget speech the Finance Minister not only gives a general view of present economic conditions and a forecast of the future, but he also indicates the policy which it is proposed to follow.<sup>1</sup>

#### 6. BANKING AND CREDIT INSTITUTIONS.

The introduction of banking into Austria dates from the beginning of the eighteenth century. The first banking enterprise, founded in 1703, was really a department of the financial administration. The Banko-institut did not prove a success, but in 1706 the Wiener Stadtbank was formed, and did a fair business, thanks to the good credit of Vienna. In the latter half of the eighteenth century the bank was subordinated to the Hofkammer. The first attempts to found special banks were made by individual provinces. The only banking institution founded before 1850 which now exists, apart from the National Bank, is the Galician Bank, which was transformed in 1868 into the Galician Land Credit Association. The demand for credit was met by the contribution funds—which were administered by the manorial magistracy—the orphan funds (*Waisenkassen*), the savings banks, and private banking houses, then much more important than now. In addition there was the National Bank, with its comparatively small clientèle.

After the economic awakening of Austria in the middle of the nineteenth century, with the extension of

<sup>1</sup> Mischler and Ulbrich, vol. iii., pp. 638-640; Foreign Office Reports, Annual Series, No. 3,947, p. 26; *Times*, Vienna, November 5, 1907.

railways, the land emancipation, and the development of industry, came the need for a more highly organized banking system. Baumgartner, Brück, and other prominent statesmen, took the matter up, and in 1853 the first joint stock bank was founded, under the name of the Nieder Oesterreichische Eskomptegesellschaft. This Lower Austria discount company introduced the issue of bank-notes for a fixed round sum, a speciality in technical banking afterwards generally adopted, and further led the way to the establishment of credit societies by doing discount business on the basis of the joint liability of all the shareholders.

The banking system now inaugurated developed in two directions—that of the joint stock banks and that of the provincial banks. The former were industrial undertakings of private capitalists occupied in various branches of banking business within limits defined by the State. The latter were provincial institutions, erected by individual Diets under imperial sanction, with a view to making mortgage loans and granting credit for “investment” expenditure, such as railways and communal improvement.<sup>1</sup> New foundations were not numerous before the settlement, but after 1867 there was a sudden increase in the number of the banks, due to the outburst of feverish energy following on the sudden prosperity and fine harvests which followed that event.

New banks were opened, and the capital of old banks was very much increased. In 1872 alone there were fifty-four new foundations. The majority of these enterprises, founded on the flimsy basis of speculation, fell in the crisis of 1873. By the end of that year thirty-nine of the new banks were in liquidation or insolvent, while succeeding years brought further failures. After this date few new banks were opened, and the number of banking houses continued steadily to diminish until 1892, after which date, with the better credit conditions, confidence was gradually regained and banks began slowly to increase in number.

<sup>1</sup> Mischler and Ulbrich, vol. i., p. 391 ; Lopuszanski, p. 82.

Of late years there have been developments in Austrian banking which have not always been crowned with success. Thus, a cartel for banking business was founded, but instead of underbidding there was overbidding in the rate of interest, where credit was given, and many banking houses have suffered. By the erection of branch houses, however, a more successful extension has been made, while, again, the banks have in many instances put themselves into touch with the small local credit institutions, savings banks, and cash-advancing unions (*Vorschussverein*).

The outcome of this tendency are the two recently formed central banks of the savings banks which are at Prague. The reason for this action lay in the need of bringing the savings bank system into complete connection with the general money and credit market. In the majority of the provinces, and especially in Lower Austria, Upper Austria, Galicia, Bohemia, Silesia, and Galicia, the savings banks have organized themselves into unions.<sup>1</sup> In addition to the Post-Office savings banks mentioned below, Austria possessed in 1904 about 600 savings banks—communal, district, and private—all under the control of the State. The deposits in these banks increased by 700,000,000 crowns in the years of depression 1900-1904. This increase is the more remarkable as the depositors are chiefly drawn from the poorer classes, and as the sum already contained in the banks was almost as large in 1901 as that contained in similar banks in France. In 1901 there were in Austria 566 savings banks, apart from Post-Office savings banks, with 3,283,924 depositors, and deposits 3,900.13 million crowns, or £6 2s. 11d. per head. Another no less flourishing institution is the Post-Office savings banks, a system which owed its origin to England, and the object of which is to encourage thrift.

The Post-Office Savings Bank has been called a form

<sup>1</sup> Mischler and Ulbrich, vol. i., p. 392; *Frankfurter Zeitung*, December 27, 1907; Lopuszanski, p. 78.



of savings bank worked by the State, or State Bank, and the tendency of the financial administration is to accentuate this fact. Thus, the moneys received in the provincial departments are collected by the Post-Office Savings Bank office. The money received by the imperial revenue earning departments, such as the Ministry of Railways, is used for the necessary current expenses. Any surplus over at the end of the month is transmitted to headquarters through the Post-Sparkasse.

The Austro-Hungarian State Bank receives the gold and the main bulk of the revenue, but the Post-Sparkasse performs the general duties of tax-collector and paymaster-general. Furthermore, the Post-Office Savings Bank purchases Government stock with the savings of the depositors, and is even called upon sometimes to strengthen the price of stocks. The Post-Office Savings Bank consists of two divisions—one for savings bank business, the other for cheques and clearing-house work.

This service of cheques is of enormous importance to Austria, as is shown by the fact that it has more than 57,000 clients in Austria and foreign countries, and that the 30,000,000 transactions effected in one year cover over 18,500,000,000 crowns. In provincial administration, in public institutions, and notably in the payment of sick and accident insurance expenditure, postal cheques are used almost exclusively.

In 1903 there were 1,694,702 depositors, or 65 per thousand of the population, and the amount to the credit of depositors was 180,141,000,000 crowns, or 5s. 6½d. per head of the population.<sup>1</sup> In 1906 74 per cent. of the population were depositors. Taking the figures of 1905, we find that since 1893 the number of depositors has more than doubled, while the amount of deposits has increased almost ninefold. The *Frankfurter Zeitung* (December 27, 1907) speaks of the growing

<sup>1</sup> Max Marse, "L'Autriche à l'Aube du xx<sup>e</sup> Siècle," pp. 46, 48, 49, 53, 67; Foreign Office Reports, Annual Series, No. 3,343, pp. 33, 34; Annual Series, No. 3,947, p. 25; Lopuszanski, pp. 78, 79.

importance, not only of the postal cheque business, but also especially of the postal banks in general, and mentions that their business is extending with equal success to Italy, England, and Switzerland.<sup>1</sup>

(Among the joint stock banks, the common bank of issue of the monarchy, the Austro-Hungarian Bank, holds a special place. It is, properly speaking, the only State Bank. The original institution from which the Austro-Hungarian Bank has developed was founded in 1816 under the name of the Private Austrian Bank of Issue. In 1817 this bank received the exclusive privilege of issuing bank-notes for twenty-five years, which has since been renewed from time to time.) In 1866 the privilege of the bank was violated by the issue of Staatsnoten to the amount of 312,000,000 florins, a proceeding which increased the already existing chaos in the State finances. These notes have now been redeemed in connection with the currency reform, and became no longer current in 1907. Under an arrangement made in 1861, the State debt to the bank was to be reduced to 80,000,000 florins. That sum was to be left as a loan to the State, in return for which, when the dividend did not reach 7 per cent., the State had to contribute up to a maximum of 1,000,000 florins for the increase of the debt. Throughout the difficulties of the nineteenth century the bank again and again earned its charter by assistance to the Government.<sup>2</sup>

The bank union between Austria and Hungary is not an integral part, though it was a natural consequence of the settlement. After long negotiations, it was declared in 1876 that both Governments had the right to erect independent banks. Finally, in 1878, the National Austrian Bank took the title Austro-Hungarian Bank.

The bank was now remodelled on dualistic lines. The head office at Vienna was maintained, but the administration was entrusted to two distinct boards,

<sup>1</sup> *Frankfurter Zeitung*, December 27, 1907.

<sup>2</sup> Lopuszanski, p. 82; "Statesman's Year-Book," 1907, p. 704; "Encyclopædia Britannica," new volumes, xxvi., p. 13; Foreign Office Reports, Annual Series, No. 3,947, pp. 21, 22.

one for Austria and one for Hungary. The branch office at Pest was made into a head office like that of Vienna, with a grant of 50,000,000 florins destined solely for the use of the Hungarian part, and capable of increase as need should arise. The privileges of the old bank were accorded to the new common bank for a period of ten years. These privileges were renewed in 1887 and 1899, after being prolonged for one year by imperial patent in 1898, owing to the difficulties between the two States. In that year the charter was renewed till 1910, but it was to expire in 1907 if the commercial and Customs alliance was not concluded in that year. The bank charter was, however, again renewed in 1907 until 1917.)

The most important alteration in the treaty of 1887 was the tax on notes issued without being covered by a metallic reserve above 200,000,000 florins. The return of this tax was to be used to reduce the State debt of 80,000,000 florins to the bank, which stood in 1891 at 77,419,160 florins.<sup>1</sup>

In 1898 the metallic reserve was said to be well over the two-fifths fixed by law. In 1899 the 80,000,000 florins debt, which had already decreased, was lowered to 30,000,000 florins, until the end of 1907. The Austrian Government undertook the obligation to pay back 30,000,000 gulden in gold pieces of the crown currency, and the bank transferred such a sum from its reserve fund so as to reduce the debt to 30,000,000 gulden. As matters now stand, with regard to the profits of the bank, the State under certain circumstances takes a certain portion. In the first place, 4 per cent. on the share capital is paid to the shareholders; of the remainder, 10 per cent. is transferred to the reserve fund, and 2·4 per cent. to the pension fund. The remainder is divided into two portions: one falls to the two States; from the other the dividend to the shareholders may be made up to 6 per

<sup>1</sup> Mischler and Ulbrich, vol. i., pp. 385, 386; *Economic Journal*, September, 1898, p. 315; Foreign Office Reports, Annual Series, No. 4,109, pp. 27, 28.

cent. Of whatever still remains, one-third falls to the shareholders and two-thirds to the two States. Each of them participates in these benefits each year in proportion to the tax paid within its territory on the taxable business of the bank.<sup>1</sup>

(During the early years of this century the question of economic separation was a possibility which loomed large on the horizon of the dual monarchy. Perhaps the most important factor in the situation was that of the Austro-Hungarian Bank. As Baron Beck pointed out in a speech quoted in the *Morning Post* (October 17, 1907), there was no specifically Austrian interest to be served in the maintenance of the joint bank, although it was to the common interest of the monarchy. "The duality of the bank of issue," he said, "is primarily a Hungarian interest." The joint bank is of advantage to both countries, but it renders greater services to Hungary than to Austria, because it discounts more Hungarian than Austrian bills, and enables Hungary as the economically weaker country to enjoy easier credit and a lower bank rate than she would be likely to obtain without Austrian financial backing.)

In 1906 the Austro-Hungarian Bank had in millions of crowns—Liabilities: capital, 210,000; reserve fund, 13,211; note circulation, 1,982,038; mortgages, 294,852; total, including others, 2,865,735. Assets: cash, 1,454,319; discounted bills, 770,944; State loans, 60,000; loans on real property, 299,955; total, including others, 2,865,735.<sup>2</sup>

## 7. FINANCIAL RESULTS OF RAILWAYS.

The development of the railway system in Austria has been described in the chapter on commerce, where the gradual nationalization of the railway system was traced.

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,947, p. 22; Mischler and Ulbrich, vol. i., pp. 386, 387.

<sup>2</sup> *Morning Post*, October 17, 1907; Foreign Office Reports, Annual Series, No. 4,109, pp. 28, 29; *Times*, Vienna, October 4, 1907; *Frankfurter Zeitung*, December 27, 1907; "Statesman's Year-Book," 1908, p. 738.

(The Government, as we saw, being hampered by lack of money, was forced to attract private capital to railway construction, and thus in 1854 the new concessions law, which encouraged the employment of private capital in railways, was passed, with the result that railway construction continued apace. The 5 per cent. interest guaranteed in 1858 by the State, to secure the construction of certain sections, was, as has been seen, raised after 1873. Meantime, however, the State had retained large powers over the private lines, which powers were left in abeyance as long as the State finances were at a low ebb, but were effectually used in later years. The State stipulated for the eventual escheat on redemption of the railways, making thereby an excellent bargain.)

In 1854, the year of the concessions law, there were 1,433 kilometres of lines in Austria, of which 994, or 69·36 per cent., belonged to the State; but the revenue from the State lines was not satisfactory. Then came the concessions law, the change of policy being due to the great financial efforts the State had to make in other directions for economic as well as military purposes. The result was that by the end of 1858 a total of 2,400 kilometres was in working, and nearly the entire system of State lines was once more in the hands of private companies. The State lines, which only covered 13 kilometres between 1858 and 1874, increased in 1875 to 115 kilometres, and in the following year to 562 kilometres. From that time, as has been seen, nationalization continued. In 1882, out of 11,942 kilometres, 3,009, or 25 per cent., were either Imperial Royal State railways or worked by the State. Of the total length of railways in Austria, 12,976 miles, in 1905, about 59·46 per cent. were worked by the State. This does not include the dense net of local lines, of which there were in 1902 6,606 kilometres, which are almost exclusively the property of provinces and communes and private companies. The State only owns 474 kilometres of local lines, but it encourages their construction by subscribing to the share capital and granting abatements

of taxation. Since 1902 the State has acquired and is acquiring greater length of lines, and the "Investitions Programm" will accelerate the process.<sup>1</sup>

The general financial results of the working of the State railways were in 1901 made the subject of bitter complaint in Parliament by Herr Kaizl, a former Minister of Finance. He pointed out that in 1876 the State Budget bore a sum of 115,000,000 crowns for subventions and grants to private railway companies, but after twenty years the financial results showed no amelioration. In 1876 the subvention was about 5,000 crowns per kilometre, while in 1901 the burden on the Treasury was 8,800 crowns per kilometre. The State, he concluded, assumes a charge of 160,000,000 crowns for her railways, good and bad years alike. (The total capital engaged in State railways amounted to £118,000,000 in 1903. The return yielded by the State lines on the capital invested in them was 2·22 per cent. But as the Government securities issued to secure this capital pay an average of 4·25 per cent. interest and sinking fund, a contribution of £2,764,000 (66,350,000 crowns) was required in 1905 to cover the deficit.

The profits of private companies are rather more than double those gained by the State—namely, 4·04 as against 2·01 per cent. In 1906 the interest on the capital invested in State railways was 2·3 per cent. Although the interest on the capital invested has risen, it is undoubtedly small, both absolutely and comparatively, with that of the State railways in other countries and with the private lines in Austria. On the other hand, it must be borne in mind that the cost of construction was very high in Austria during the most important constructive period, owing to dear credit; that the mixed system of ownership into which the State was forced through lack of capital lost the State the advantage of concentrated, unified, and therefore cheaper, management; that many railways have been built, in the

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, pp. 38, 39, 41; "Statesman's Year-Book," 1908, p. 757

interests of the community, which cannot for a long time, if ever, give a normal return ; while the cost of construction, owing to natural difficulties, is far greater in Austria than in most other European countries. Finally, as has been seen, the tariffs are drawn up with a view to making more expansive commercial enterprise profitable.<sup>1</sup>

It is, indeed, because the tariffs are at present regulated on so generous a scale, in the interests of industry and commerce, that the receipts only suffice to meet about one-half of the interest payable on the capital invested ; a sum of 60,000,000 to 70,000,000 kronen has to be annually provided from other sources of State revenue. Although this unsatisfactory state of affairs has occasioned much protest, every attempt of the Ministry of Railways in the direction of raising the tariffs has been rendered futile, as we have said, by the antagonism of merchants and industrialists. According to the official view, the matter of the tariffs is a flagrant abuse, and in order to make the railways a good business concern it is imperative that the rates should be raised.

Since 1900 further heavy expenditure on the railway system has been in progress in the execution of the great scheme which is coupled with the name of Dr. von Koerber. The construction of the second line of communication with Trieste, the most important item in the scheme, which is expected to prove a powerful factor in the development of that port, has cost considerably more than the original estimate, which was £2,500,000 for the Tauernbahn, £1,833,000 for the Karawankenbahn, and £7,583,000 for the Wocheinerbahn, the extra outlay being due to the number of tunnels. The cost of the Wocheinerbahn alone had in 1906 risen to £11,660,000.

When the Karawanken line, the first link in the new connection with Trieste, is complete, the distance from

<sup>1</sup> Lopuzanski, pp. 62, 63 ; Raffalovich, *Marché Financier*, 1900-01, p. 492 ; Max Marse, pp. 93, 94 ; Foreign Office Reports, Annual Series, No. 3,343, p. 39 ; No. 3,947, p. 6.

Linz will be shortened by over 87 miles; when the Tauernbahn is finished, the distance between Salzburg and Trieste will be lessened by 154 miles. In the Alpine districts of the South of Austria two great railway systems will then come into operation, both leading to Trieste—the one starting from Russia, through Galicia and Moravia, by Vienna, and thence by two lines to Trieste; the other proceeding from Germany by way of Switzerland, through Salzburg, and onwards by the Tauern railway. The Southern Alpine provinces, with their vast resources of unused water-power, will then be opened up and rendered available for the development and creation of important industries.<sup>1</sup>)

The new network of railway and waterway aims not only at developing the internal resources of the country, but also at extending the external commerce, by tapping the southern trade of Germany, the trade of Nuremberg, of the Saxon towns, and of the Elbe Valley. Should this plan be realized, it will not only give Trieste the first place in the trade of the Adriatic, but it will also contribute to the prosperity of the whole of Austrian trade.

In recent years, in addition to the heavy expenditure necessitated by the "Investitions Programm," railway finance has suffered by strikes. In the strike of 1906 and 1907 there was no suspension of work, but passive resistance, which consists in obstructing the traffic by exact observance of the letter of railway regulations which have been long since abandoned in practice for those more in accordance with modern needs, but still unrepealed. The result is to cause great delay in the departure and speed of the trains, to load up stations with luggage where it lies "indefinitely." Convoys of animals are said to have died of starvation in the neighbourhood of Prague and Vienna because the whole management was blocked and paralyzed. Industry in consequence suffered very seriously.

<sup>1</sup> Lopuszanski, pp. 62, 63; Max Marse, pp. 93, 94; Foreign Office Reports, Annual Series, No. 3,343, p. 41; No. 3,947, p. 6; *Times Engineering Supplement*, August 22, 1906.



Another recent loss occurred, in 1907, when <sup>214</sup>the Kaiser Ferdinandsnordbahn, the oldest and richest of the Austrian railways, was bought by the State. After the State had taken possession of the line, it was found that the company, in view of the sale, had not made the outlay necessary in the interest of the traffic in recent years. The State was therefore obliged to make large purchases, which seriously raised the price of the railway. This caused much public feeling, and the Government has determined to see that, in the case of the lines still to be bought, the Staatsbahngesellschaft and the Böhmische Nordwestbahn, the rolling-stock, etc., are in proper condition before the lines are handed over.<sup>1</sup>

It further appears, from a report of a lecture by Freiherr von Ferstel, of the Department of Railways (*Times*, January 8, 1908), that the price of coal has risen 64 per cent. in the last two financial periods, a fact which threatens to render steam traction unprofitable. The necessity has therefore arisen for the introduction of electric instead of steam traction in the Alpine railways, where not only has the price of coal at the pit's mouth to be considered, but also the increased cost of transport, which is very considerable. In the Landeck centre, which provides for the traffic on the Arlberg section, the freight per ton of coal amounts to 7s. 8d., which makes the price of coal for traction almost prohibitive. Hence during 1907 a general Government survey was made of all the available waterfalls situated to the west of Salzburg, so that it may be possible during the present year to prepare schemes for the acquisition of the necessary water rights.<sup>2</sup>

In view of the continual outlay on State railways, it is not to be wondered at that the private lines are aggrieved at the burden they bear, or that the suggestion of further outlay should not be popular. In 1896 the private lines paid out of their net profits to

<sup>1</sup> Raffalovich, *Marché Financier*, 1900-01, pp. 492, 511, 512; 1905-06, pp. 515-517; 1906-07, pp. 621, 622; *Times*, Vienna, October 2, 1907; Foreign Office Reports, Annual Series, No. 3,343, p. 45.

<sup>2</sup> *Times*, January 8, 1908.

the State 4·6 million crowns as the State share, and 25·7 million crowns in taxes and dues, in taxes on tickets, and goods receipts. Taking both items together, indeed, the private lines, as has been stated above, contribute enough to cover the deficiency on the State Budget, and they naturally fear that as that deficiency increases so will their burden. It is not surprising, therefore, that when, in November, 1907, the Finance Minister proposed, out of his surplus of £3,450,000 of ordinary revenue over ordinary and extraordinary expenditure, to devote £2,380,000 to the development of the State railways, the extension of the telephone system, and such enterprises, voices were heard crying for a reduction in taxation instead.<sup>1</sup>

#### 8. GENERAL FINANCIAL POLICY.

The State financial policy, and the industrial and commercial policy, which is so closely bound up with it, have been vigorously attacked in Austria. The chaotic state of the finances in 1867, the heavy debt (amounting to £291,000,000), and the large deficit, seemed to enjoin strict economy and retrenchment; yet the Government programme, while including the restoration of the financial equilibrium, laid down as a means to that end an active policy of the development of the resources of the country.

This policy, in which one of the chief cares of the State was the improvement of communications, entailed large expenditure, while in view of bad credit, economic disturbances, and, finally, political and racial difficulties, the State has been hindered in carrying out its schemes, and many reforms, such as that of the currency, have consequently been delayed. Dr. Kaizl, in deprecating the expenditure on railways in 1901, voiced the opinions of a large section of the short-sighted if heavily burdened taxpayers. The able and experienced correspondent of the *Times*, in discussing the situation in Austria

<sup>1</sup> Raffalovich, *Marché Financier*, 1900-01, p. 492.

at the end of 1907, speaks of Dr. von Korytowski's aims to "re-establish Austrian finance upon a thoroughly sound basis by the gradual consolidation of a system still suffering from the effects of past catastrophes and improvidence."<sup>1</sup> Catastrophes have not been wanting in the recent economic history of Austria, but the general charge of improvidence may well be qualified, if not denied.

Forced from lack of funds to engage upon railway extension under most unfavourable circumstances, the Austrian Government nevertheless managed to drive a very shrewd bargain in the stipulation for the eventual escheat of the lines. In fact, as above mentioned, no less an authority than Lorenz von Stein would seem to hint that in this matter the private companies had the trouble of picking the chestnuts out of the fire. Results have justified the policy of State subvention to industry, and the assistance given to commerce by easy freight rates, the development of Trieste, and subsidies to the Austrian Lloyd company. The enormous increase in the volume of trade and the vast extension of industrialism are testified to by the *Marché Financier*, in an earlier number of which complaint is made of the burden of taxation.<sup>2</sup>)

The external commercial policy of Austria has also been vehemently attacked. The prosperity of the eighties is explained away by eminent writers like Matlekovits and Lang, and the theoretically bad economy of protective measures has been insisted on. No account, however, is taken, by many of these critics, of the subordinate rôle which Austria has been obliged to play in international relations, which is shown in the clockwork regularity with which the monarchy has followed, and followed perforce, the policy of her powerful neighbour and best customer, Germany. It would be difficult to say what would have happened had Austria

<sup>1</sup> *Times*, November 5, 1907.

<sup>2</sup> Raffalovich, *Marché Financier*, 1900-01, p. 512; 1905-06, p. 519; 1906-07, p. 626.

continued to pursue a policy of free trade after Germany's return to protection; but it seems likely that her industry and trade would have been ruined by German imports, as even during the short time in which Austria held the unenviable position of being Germany's dumping-ground her trade was very seriously affected.

As in the case of industry, the policy of the State must be judged by its results, which are a largely expanding volume of external trade. In 1907 imports increased 5 per cent., and in the same twelve months exports increased 1·8 per cent.<sup>1</sup> The total foreign trade has risen from £144,600,000 in 1899 to £194,900,000 in 1907.

Furthermore, Austrian statesmen must be credited with having again and again made overtures for closer Customs relations with Germany, the first step towards that Central European Customs Union from which eminent economists have hoped so much. These overtures have failed again and again. They may never again have the same chance of success. Blood is thicker than water, and the rising influence, both political and economic, of the Slav population of the Empire may not improbably turn the eyes of Austrian statesmen in other directions for economic alliances. Nor has Austria in recent years been without the able administrators who have so long been wanting. The policy of the "Investitions Programm" of Dr. von Koerber seems likely to meet with complete success, and in the new Balkan railway policy, which also owes its inception to a statesman of Austrian descent, Baron von Aehrenthal, may be found an indication of the external economic development which will correspond with that of internal commerce.<sup>2</sup>

In answer to the critics who cavil at delayed reforms, at the late date at which the Budget deficit was overcome and the currency reformed, and to those who still

<sup>1</sup> "Journal of the Incorporated Chamber of Commerce, Liverpool," March 1908, p. 48.

<sup>2</sup> *Times*, March, 1908.

point to the need of reform of taxation, which they appear to prefer to the large railway schemes laid down by Dr. von Koerber, and carried on by Herr von Korytowski, the results of the last forty years may be cited. Not only has the State acquired vast assets in constructive works, but, as may be seen from the steadiness of the Government bonds, it has placed its credit on a sound footing. At the beginning of the period of modern finance in Austria (1867), protests were made suggesting that Austrian paper money should be excluded from quotation on the London and other Western exchanges. At the end of the nineties Austrian loans showed less fluctuation in price than those of Germany or Great Britain. At the beginning of the period her deficits rose in some years as high as £6,000,000 or £7,000,000. In 1906 the Austrian Budget boasted a surplus of £2,000,000, and in November, 1907, M. de Korytowski anticipated one of £3,450,000.<sup>1</sup>

<sup>1</sup> *Times*, Vienna, October 12, 1906, and November 5, 1907.

## II.—HUNGARIAN AFFAIRS

### CHAPTER VI

#### INTRODUCTION

1. HISTORY OF THE MAGYARS : Turkish Occupation—Influence of the Hapburgs—Constitutional Struggle—Land and the People—A Borderland where East and West meet—Magyars are the only Christian Turanian Tribe—Magyar Temperament—Humour—Superstitions—Proverbs—Music—Religion—Literature—Use of Latin.
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#### 1. HISTORY OF THE MAGYARS.

THE territory of the Hungarian State, although clearly divided off from surrounding lands by natural boundaries, owes its unity to the genius of the Hungarian people. The mountainous regions of the north and east, the sandy or marshy plains of the Tisza and the Danube, had no political connection with the rest of the country, until that connection was built up by the Magyars, who have maintained it “by their blood and their intellectual power for a thousand years.”<sup>1</sup>

In the fourth century of the Christian era, the Huns, with their leader Attila, the terrible “Scourge of God,”

<sup>1</sup> Jekelfalussy, “*L’État Hongrois Millénaire*,” p. 27.

fixed their headquarters in the low country between the Danube and the Tisza. They were followed by the kindred race of the Avars, and when these, too, had melted away in the midst of the hostile Germans and Slavs, a third wave of the same race, the Mogurs or Magyars, whom the Latin writers call the Hungari, poured, at the end of the ninth century (889-896), through the passes of the Carpathians, and again claimed the Valley of the Danube as the heritage of the Turanian family.<sup>1</sup>

This third horde of barbarians, who began by wasting Europe from Constantinople to Arles, gradually settled down to agricultural pursuits, and their arms, no longer turned upon Aryan Christendom, became its bulwark against other Turanian tribes of Cumans, Mongols, and Ottomans, who were still pressing in from the East.<sup>2</sup>

The tenth century was the era of settlement in Hungary. In 917 came Wolfgang, the first Christian missionary, and for three generations the process of conversion continued which transformed the Asiatic nomads into a Christian European nation. Historical events, the difference of climate, the separation from the Asiatic brethren, contact with the foreign elements which flooded the country owing to the vast numbers of captives brought by Hungarians from all parts of Europe, wrought the change in manners and habits of life which was finally completed under Stephen, the first King of Hungary (997-1038).<sup>3</sup>

In the thirteenth century another wave of invasion passed over the country. In 1241 the ravaging hordes of the Mongols poured in, leaving the land, after one year of pillage, "a desert," if we are to believe the "Carmen Miserabile" of Rogerius.<sup>4</sup>

At the end of the fourteenth century, the storm which

<sup>1</sup> Jekelfalussy, p. 30; Vambéry, "Hungary" (Story of the Nations Series), pp. 43, 44; Patterson, "The Magyars: their Country and Institutions," vol. i., pp. 49, 50.

<sup>2</sup> Patterson, vol. i., p. 50.

<sup>3</sup> Vambéry, pp. 52-64; Jekelfalussy, p. 31.

<sup>4</sup> Jekelfalussy, p. 35.

had been long gathering broke, and at Nicopolis, in 1396, the Ottoman Turks completely routed the army of Sigismund, though reinforced by the flower of Western chivalry, which had flocked to assist him against the infidel. The struggle against the Osmanlis continued all through the fifteenth century, and, though rendered glorious by the heroism of the Hunyadis, culminated in the fatal Battle of Mohacs (1526), and the partition of the kingdom between Christian and Moslem. To political disintegration was added religious dissension, for one section of the Hungarian community adopted the Protestant faith. In 1528 Solyman the Magnificent made his triumphal entry into the fortress of Buda, and gave up the town to his soldiery to pillage.<sup>1</sup>

Although theoretically the continuity of Hungarian history is unbroken, yet in fact the disastrous day of Mohacs not only put an end to that independent Hungarian State, which by six centuries of strenuous endeavour had become a factor in civilization and international politics, but also effected very important changes in the national life. The unprecedented number of nobles and prelates lost on the field shook the organization of Church and State to its foundations, and paved the way alike for constitutional change and the reformed religion. The Turkish invasion and occupation forced Hungary into the arms of Austria, and after this date it came to be tacitly recognized that the Prince, who was at once Emperor of Germany, King of Bohemia, and Archduke of Austria, must also be elected King of Hungary.<sup>2</sup> The Government of Hungary had thus changed, from an elective, first to a virtually, then to an avowedly, hereditary monarchy.

After Mohacs, Hungary was partitioned between the Austrians, the Magyars, and the Turks. Buda and the Danube were held by the Turks, the northern districts from Pressburg to Kaschau by the House of Hapsburg,

<sup>1</sup> Jekelfalussy, pp. 40, 41 ; Vambéry, pp. 276-289.

<sup>2</sup> Patterson, vol. i., p. 56 ; Jekelfalussy, p. 44.



and Transylvania by Magyar princes under the suzerainty of the Sultan ; the three nations of Magyar, Saxon, and Szekler, being recognized on an equal basis in the Parliament at Klausenburg.<sup>1</sup>

The greater part of Hungary was in the possession of the Sultan, and for nearly 150 years the Crescent floated on the towers of the capital "to the shame of the nation and the terror of the Christian world."<sup>2</sup> This forlorn period of the occupation has been compared to the protracted contest between the Spaniards and the Moors, and, as in that contest, there was an abundance of romantic incidents, of deeds of heroism, and of self-devotion. But individual gallantry was unavailing, and the Hapsburgs proved inefficient allies. "Even the wish to expel the Turks was often wanting to the Emperor's councillors," who looked upon the Turks as coadjutors in breaking the stubborn Magyars of their attachment to their inherited constitutional rights ; in fact, the dictum "Oportet facere Hungariam miseram, Catholicam, Germanam" was a policy consistently carried out. The exactions of the ill-paid, licentious German mercenaries, and the persistent persecution of the Protestant religion, which at least one-half of the Magyars had embraced, made Hungarians question whether the Catholic Hapsburgs were much better than the Mohammedan Sultans.<sup>3</sup>

Deliverance from the Turk came at the end of the seventeenth century. In 1683 Kara Mustapha undertook the siege of Vienna, but John Sobieski, King of Poland, and Charles, Duke of Lorraine, relieved the city and routed the Turkish army. This was the last great campaign of the Osmanlis against the Western world. Leopold I., whose belief in the justice of his cause, the fortunes of his dynasty and his Church, had never failed, now took energetic measures, and wrested the Valley of the Danube from them. In 1686 Buda was restored to Hungary, and in 1689, when peace was

<sup>1</sup> Vambéry, p. 306 ; *Spectator*, May 25, 1907.

<sup>2</sup> Vambéry, p. 296.

<sup>3</sup> Vambéry, pp. 310-320 ; Patterson, vol. i., pp. 51, 52.

declared, Transylvania and a great part of the Hungarian territory had been regained. In 1718, after Prince Eugene's victory at Peterwardein, the last of the Hungarian possessions was taken from Turkish hands.<sup>1</sup> But Hungarian troubles were not yet over. In 1687 the Hungarian Estates, partly from gratitude, partly from policy, partly from fear, declared the crown of Hungary hereditary among the male descendants of their liberator, Leopold I.<sup>2</sup> The Viennese Government thenceforth sought to replace Turkish by Austrian rule, and not only persecuted the Protestant religion, but disregarded the national aspirations, with the result that at the end of the reign of Leopold I. the standard of revolt was raised. Leopold's successor, Joseph I., after conquering the rebels, granted an amnesty to all, and by his constitutional government succeeded at length in winning the confidence of the people. In 1711 peace closed 200 years of continuous war.

Throughout the eighteenth century the conciliatory policy inaugurated by Joseph I. was continued, and Austria reaped the benefit when, in her hour of greatest need, by the timely aid of the Hungarians Maria Theresa's dominions were preserved to her, though Silesia was lost to Frederick II. of Prussia.<sup>3</sup>

Austrian oppression, Austrian antagonism, Austrian slights, were forgotten in generous enthusiasm when the young Queen, attired in the Hungarian dress, cantered up the hill of coronation and waved the sword of St. Stephen towards the four quarters of the heavens, in token of her determination to guard and increase the kingdom upon all sides.<sup>4</sup>

By the gift to Hungary of the seaport of Fiume, by the erection of many schools and churches, and by the warm welcome of Hungarian magnates to her Court at Vienna, Maria Theresa showed her gratitude to Hungarian chivalry. By the favours and distinctions

<sup>1</sup> Vambéry, pp. 331-335; "Cambridge Modern History," vol. v., pp. 340, 341.

<sup>2</sup> Patterson, vol. i.

<sup>3</sup> Vambéry, pp. 364-371.

<sup>4</sup> Bright, "Joseph II."

showered upon the leading personages, the Germanization of Hungary, which had so stoutly withstood all rougher means of persuasion, was now commenced. Fortunately, however, for the nationality and its independence, the solid phalanx of the Hungarian squirearchy, who did not forsake either their land, its customs, dress, manners, and language, or the Protestant religion, was unmoved by the blandishments of the Empress-Queen.<sup>1</sup>

By a curious contradiction, Maria Theresa's son, Joseph II., whose ideal it was to be the head of one united German-speaking, German-thinking nation, was the instrument by which the Hungarian nationality was preserved. Through his well-meant but ill-considered measures, Hungary, which had been lulled into a dormant state by the gentle and maternal despotism of Maria Theresa, was stung into indignant activity. All alike, peasant, priest, proprietor, unwilling scholar and unwilling soldier, found abundant cause for discontent in the all-embracing reforms inaugurated by the King, who further offended national susceptibilities by refusing to be crowned according to the ancient ceremonies.<sup>2</sup>

Reforms only too necessary, but carried out with an utter disregard of constitutional precedent, aroused fierce opposition. The result of the conflict was the total defeat of "this doctrinaire, this busybody, this humanitarian," the dreamer of dreams, who, in the words of his self-dictated epitaph, "with the best intentions, failed in everything he tried to do"—at least as far as Hungary was concerned.<sup>3</sup>

Leopold was crowned in the usual constitutional manner, and under him, in 1790, the Hungarians obtained the strongest expression, received up till then, of their liberties and constitutional rights.

Under Article 10 of the law passed by the Diet of 1790-1791, it is enacted that "Hungary, together with the parts

<sup>1</sup> Vambéry, p. 373; Bright, "Maria Theresa," pp. 23, 24.

<sup>2</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 131; Vambéry, pp. 373-387; Bright, "Joseph II.," p. 24.

<sup>3</sup> Bright, "Joseph II."

thereto annexed, is a free kingdom, and independent as regards the whole legal form of government, in which term is comprised each and every governmental department ; that is to say, it is dependent on no other kingdom or people, but is possessed of its own separate existence and Constitution, and consequently must be ruled and governed by its hereditary King, crowned according to law—namely, by His Most Sacred Majesty and his successors, Kings of Hungary—in accordance with its own laws and customs, and not after the manner of other provinces, as is prescribed by Article 3 of 1713 and 8 and 11 of 1741.”<sup>1</sup>

In 1792 Leopold was succeeded by Francis II., from whom much was expected at first by the Magyars ; but the excesses of the French Revolution deterred him from any innovation, and led him to construct a system of universal espionage.<sup>2</sup> Nevertheless, during the Napoleonic wars the Hungarians showed that the ancient dynasty had won a secure place in the heart of the nation, and, in spite of alluring offers from Napoleon, they not only rallied round their King, but made immense sacrifices for the throne.<sup>3</sup>

In 1815 the reaction which set in all over Europe extended its influence to Hungary. The nation was, moreover, suffering from the exhaustion consequent upon centuries of warfare, and of struggle to retain in theory, if not in practice, her constitutional rights. The country needed *un homme providentiel* to stir her to renewed action and hope for the future. Such a man was found in Count Stephen Széchenyi, who until 1840 was the national hero. “Prefer to think, not that Hungary has been, but that Hungary shall be,” was the doctrine of the new leader.

During this period nothing was done for the advancement of material welfare or for intellectual progress in which Széchenyi had not an active share. He was the

<sup>1</sup> Hugessen, vol. i., pp. 232, 233.

<sup>2</sup> Vambéry, pp. 389-392 ; Hugessen, “Political Evolution of the Hungarian Nation,” vol. i., p. 232.

<sup>3</sup> Vambéry, pp. 392-399 ; Jekelfalussy, pp. 55-57.

greatest upholder of the national idea, and was the first person to address the Upper House in Magyar (October 25, 1825), instead of Latin—a bold innovation, “which had much to do with the restoration of the national language to its rightful place.”<sup>1</sup> Not only the national language, but also the national literature, benefited from his efforts. Thanks to him, an academy of science was erected at Buda-Pest, and he attempted to found a national theatre. It was Széchenyi who initiated and realized a scheme for building a permanent bridge across the Danube to connect Buda and Pest. For years he conducted the work of regulating the Danube at the Iron Gates, and assisted to establish the Danube Steam Navigation Company. One of his greatest achievements was the regulation of the Tisza, which resulted in the reclamation of 150 square miles of land, which proved to be rich and fertile soil.<sup>2</sup>

Széchenyi was anxious for constitutional reform, but persisted that this must be carried out in conjunction with, and not in defiance of, Vienna. After 1840 his popularity waned. A new hero arose in Louis Kossuth, who, though animated by the same ambitions, proposed to carry them into effect by democratic instead of aristocratic methods, and soon eclipsed his rival. A short period of imprisonment in 1840, incurred for his daring speeches and writings, raised Kossuth to a high degree of popularity. The “Herald of Liberty” became the “Martyr of Free Speech” and the “Victim to the Cause of the Nation.”

In 1847 Kossuth was returned as deputy for Pest, and the following year the old constitution was replaced by one with Parliamentary administration by a responsible Government.<sup>3</sup> Feudalism passed away, the suffrage was extended, Deak became Minister of

<sup>1</sup> Vambéry, “Hungary,” pp. 402-407; Jekelfalussy, “L’État Hongrois Millénaire,” p. 68.

<sup>2</sup> Vambéry, “Hungary,” pp. 407-411; Jekelfalussy, “L’État Hongrois Millénaire,” pp. 58, 59.

<sup>3</sup> Vambéry, “Hungary,” pp. 417-423; Jekelfalussy, “L’État Hongrois Millénaire,” p. 60.

Justice, Széchenyi Minister of Home Affairs, and Kossuth Minister of Finance. Friction, however, arose between the nationalities in 1848. The Roumanians were exasperated by the language law and by their incorporation in Transylvania. The same language law infuriated the Croats, who rose in rebellion against Hungary, "encouraged by the secret machinations of the Court of Vienna." On September 9 the Croats crossed the Drave, and the Emperor thereupon appointed Jelacic, the Ban of Croatia, to be Governor of Hungary, and the civil war began. In December, 1848, Ferdinand V. abdicated, and Francis Joseph II. ascended the throne. The Hungarians refused to recognize the new Emperor, and he retorted by declaring their constitution forfeited.<sup>1</sup>

Kossuth was the life and soul of the Government during the crisis, and, in response to one of his speeches, a force of 200,000 soldiers was raised. The successes of the Hungarian arms encouraged Kossuth to declare the deposition of the Hapsburg dynasty on April 14, 1849. Austria in this same year was reinforced in her conflict with Hungary by 200,000 Russians, and at length, after a gallant struggle, Hungary gave way. Her army had ceased to exist. The power of the Emperor was now for ten years absolute, but the spirit of the nation was not crushed, and Hungarian jurists continued to teach that, in spite of the present situation, no real change could take place in the national institution without the consent of Parliament.<sup>2</sup>

After great persecution an amnesty was declared in 1856. In 1857 the Emperor restored their confiscated estates to the late offenders, and in 1860 the old system of county government was restored. For several years there were experiments, diplomas, protests, and negotiation. Finally, however, in 1867, Francis Joseph was crowned King of Hungary, and the revolutionary con-

<sup>1</sup> Vambéry, p. 424-429; Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 133; "Statesman's Year-Book," 1907, p. 726.

<sup>2</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 135.

stitution of 1848 was restored, the Emperor-King retaining the full control of the army. This concession must be attributed to some extent to outside events. By the Peace of Prague in 1866 the German Confederation was dissolved, and Austria's long pre-eminence among the States of Germany came to an end. The centre of gravity of the Austrian Empire was thrown southward and eastward, and the Emperor fell back upon Hungary as the chief support of his reorganized realm. For the second time Prussia was instrumental in gaining for Hungary the recognition of her Austrian rulers.<sup>1</sup>

If there has been much friction, much misunderstanding, much bitterness, in the past, yet the nation now rallies round the King with the same loyalty as in the days of Napoleon. The tie which binds the heterogeneous dominions of the dual monarchy together is the personal tie of devotion to the Hapsburgs. In spite of the present difficulties between the two halves of the monarchy, it is to the influence of the Hapsburgs that the upholders of the *status quo* must look; and "to all appearances the dynasty is as securely established as ever, and the common interests which it represents are likely to survive greater shocks than are portended by the recent political excitements."<sup>2</sup>

Nature, it has been well said, has provided a fitting arena for the romantic and too often tragic history of Hungary. "No feature is lacking to recall to the mind every phase of human life and passions," from the daring of the mountaineer, and the impatience of control among the races which so long wandered at will over these widespread plains, to the laborious life of the cultivator of those endless tracts of cornland.<sup>3</sup>

The long wars which devastated the land, the element of struggle which has never been absent, are a key not only to the character, but to much of the recent history, of this people. The medieval era, with its disdain for

<sup>1</sup> Vambéry, "Hungary," pp. 436-440; Jekelfalussy, "L'État Hongrois Millénaire," pp. 61, 62; Watson, "Racial Problems in Hungary," p. 117.

<sup>2</sup> *Morning Post*, March 5, 1907.

<sup>3</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 1, 2.

patient labour, its sturdy valour, its exaggeration, its childishness, its romance, was prolonged until the end of the eighteenth century, thus throwing the country so far behind the rest of Europe that, at the date at which Patterson was writing (1869), before the full effect of the great revival consequent upon 1867 had been appreciably felt, it was true to say that "Hungary had not yet recovered the lost ground."<sup>1</sup>

Since 1867 strenuous efforts have been made to transform feudal Hungary into a modern State; but the old forms pass slowly, and the time-worn cities, the castles, the picturesque costumes, and curious national customs, carry us back to medieval days.<sup>2</sup>

Moreover, Hungary lies on the border-line of Asiatic and European civilization. Contact, and perhaps tradition, give an Eastern tinge to Hungarian life. It must be remembered that Hungary is the only non-Aryan nation which has been subjected to the discipline of Latin Christianity, and in a modified form to that of the feudal system, and has also been recognized as a member of the European family. Patterson attaches but little importance, in tracing the peculiarities of Hungarian civilization, to the Turanian family, the nomad ancestors, and the Mongolian shape of the skull; but these facts are no more to be forgotten than the long Turkish occupation and the traditions of Persian culture, and Oriental statesmanship, that have been traced to Arpad. The fact remains that the land through which the Crusaders passed to the Holy Wars, the bulwark of Christianity, remains to-day the meeting-place of East and West. In the streets of Buda, as in the Alföld fairs, the laborious German, the portly Servian in broad full girdle, the Armenian, and the Dervish, still jostle with the Rouman, the Greek, and the Magyar.<sup>3</sup>

<sup>1</sup> Patterson, "The Magyars: their Country and Institutions," vol. i., p. 57.

<sup>2</sup> Palmer, "Austro-Hungarian Life in Town and Country," p. 2.

<sup>3</sup> Vambéry, "Hungary," p. 42; Palmer, "Austro-Hungarian Life in Town and Country," p. 2; Patterson, "The Magyars: their Country and Institutions," vol. i., pp. 69-71.



Perhaps no side of the history of the Hungarian people brings out more strikingly the dominant features of the race than that of the Millennial Constitution, to which the nation has clung so tenaciously through so many vicissitudes. In Hungary the Social Compact was no theory evolved from the brain of political philosophers, but an actual historic fact; no shadowy tradition of the days of Arpad, but a covenant frequently and solemnly renewed between the sovereign people and the candidate for royalty. The Hungarian people gave up certain powers naturally inherent in themselves, with the express stipulation that the King on his side engaged himself by oath not to encroach upon the remaining rights, powers, and privileges. Breach of faith on the part of the Sovereign made rebellion lawful. This was true not only in the days of Arpad, but also in those of Andrew II., who granted in 1222 the Bulla Aurea, the Great Charter of the liberties of Hungary, although it should be made clear that the main object of the Bulla Aurea was to preserve the liberties of the lesser *nobiles* against the tyranny of the more powerful, and for that purpose to strengthen the authority of the Crown against the encroachments of the oligarchy.<sup>1</sup>

(The famous clause allowing a freeman to take up arms against a faithless King was indeed abrogated in 1687, "not from any objection to its true sense, but lest evil-disposed persons, by a false interpretation, should make a wrong use of it"; but the coronation oath and the diploma published before the coronation expressed the covenant clearly enough.)

Although the constitution was aristocratic in its interpretation of the Hungarian nation, which only included the freeman or *nobilis*, yet in the early days the unusual measure of liberty and independence which it insured doubtless served in no small degree to build up and maintain that "certain manly, honest pride and self-respect" which Patterson considers the principal feature of the Hungarian character.

<sup>1</sup> Hugessen, "Political Evolution of the Hungarian Nation," vol. i., pp. 26-27.

This independence sometimes degenerates into "overweening self-confidence"; yet, if the Magyars rate themselves too highly, "it must be admitted that they have always felt the force of the principle *Noblesse oblige*," and have been in the forefront to receive the brunt of the ills which have befallen Hungary.

"When the Ottoman armies entered Transylvania, the Wallachs fled to the mountains, the Saxons barred fast their fenced cities, whilst the Hungarians fell in hecatombs on the open field, dying sword in hand for the common country."<sup>1</sup>

Another Magyar trait is the intense feeling of nationality which binds this little nation together, and has helped them to look past existing evils, to see in the separation of Hungary and Transylvania a "mere temporary arrangement, to regard the Pashas of Buda and Temesvar as passing strangers," and has made it possible for them to impose their will upon the great mass of heterogeneous peoples, numerically stronger, by which they are surrounded.<sup>2</sup>

Equally characteristic of the Magyar temperament is a dramatic instinct and a love of display, and the history of Hungary is full of incidents which illustrate this trait. To take a typical instance, there is the end of the heroic defence of Sziget, under Zrinyi, during the Turkish wars. Seeing that the taking of the city could not long be delayed, Zrinyi had all his valuables, gold, silver, and precious vessels, brought into the public square of the citadel and burned; he then divested himself of his armour and helmet, and, donning a blue velvet cloak, wound a gold chain of great price round his neck, placed a fur cap ornamented with a heron's feather and diamond rosettes on his head, and, arming himself with a curved sabre and a light shield, sallied out to meet the enemy, and sold his life dear.<sup>3</sup>

Something has been said of the Magyar's pride, of

<sup>1</sup> Patterson, "The Magyars: their Country and Institutions," vol. i., pp. 57, 63, 64, 165, 166.

<sup>2</sup> Patterson, p. 53.

<sup>3</sup> Vambéry, "Hungary," pp. 316, 317.

his tenacious adherence to great ideals, his passionate patriotism, his capacity for self-government. Something might also be said of his courtesy, perhaps not always without a tinge of interestedness in the case of the peasantry, for to call his Worship his "Lordship" has become proverbial. But no appreciation of this infinitely attractive people would be complete without a mention of that underlying melancholy which shows itself both in the poetry and the music of the people. There is probably no other race which in its national anthem contemplates the possibility of its utter extinction.<sup>1</sup>

The Magyars are not a very humorous people—their wit takes the form of somewhat heavy practical jokes; but they are fond of fun, and the use of nicknames is common. There is also a playfulness in the quaint superstitions and curious legends which circulate amongst them. A belief in fairies and mermaids is still prevalent among the country people. The current proverbs are interesting as illustrating certain racial characteristics, and as a comment on some phases of society. "The lord," says the peasant, "is still a lord even in hell." While the lord, not to be outdone in profanity, maintains that "The mystery of the Trinity and the cunning of the Magyar peasant none can fathom."<sup>2</sup>

Mention has been made of the melancholy of the Magyar, but it must be added that in Hungary music and dancing are hardly considered apart. The Magyar dances because he is naturally musical and a lover of rhythm, and it is this passionate love of music which gives the gipsy his abnormal status in Hungary. Dance music affords the true Tsigane musician his most congenial sphere. He has the mysterious magnetism of the East in his blood, and so intense is the feeling which this sensuous Oriental music arouses in the

<sup>1</sup> "Oest.-Ungarn in Wort und Bild," vol. i., pp. 299-301; Patterson "The Magyars: their Country and Institutions," vol. i., p. 163.

<sup>2</sup> "Oest.-Ungarn in Wort und Bild," vol. i., pp. 328-332; Patterson, vol. i., p. 162.

descendants of Arpad, that it is thought to be injurious as sapping their vitality and wearing out their nerves.<sup>1</sup>

Outside the Tsigane there is nothing very distinctive about Hungarian music; there are a few great names such as Liszt and Erkel. There are folk-songs characterized by extreme melancholy, some delicate, tender, simple, others essentially incoherent; but on the whole the Magyar rather looks down upon the art of the musician as beneath his dignity.<sup>2</sup>

In the matter of religion the Hungarian has not been marked by any special devotion; in fact, he is fond of boasting of his wide toleration, which has by less partial critics been called indifference. Roman Catholics, Protestants, Greek Oriental (Orthodox), Greek Catholics, and Unitarians, live as such more amicably together than Croat, Magyar and Roumanian. Nationality is to the Hungarian a question of more absorbing interest than religion.<sup>3</sup> Hence the support obtained by Dr. Wekerle for his Civil Marriage Bill in 1894, which was eventually carried, in spite of the opposition of the magnates and the court.

In Hungarian literature this trait, the Magyar gift of a strong sense of nationality, finds free scope. Hungarian life and literature have developed in perfect sympathy, so that in the middle of the nineteenth century, when fresh aims opened before the people and an ardent patriotism welcomed the new democratic ideas, the national literature reached its zenith.<sup>4</sup>

Hungarian poetry has been from the days of Zrinyi the trumpet-call of the nation. The medieval inspiration to literary composition—religion—was not, as we have said, very fervent in Hungary. The people's religion was marked rather by sobriety and reserve than by zeal and exaltation. The Hungarians were aroused to poetic outbursts by deeds of valour or the splendid

<sup>1</sup> "The Hungary of To-day," p. 385; Colquhoun, "The Whirlpool of Europe," pp. 135-186; Patterson, "The Magyars: their Country and Institutions," vol. i., pp. 135, 198.

<sup>2</sup> Patterson, vol. ii., p. 110.

<sup>3</sup> Riedl, "Hungarian Literature," p. 8.

<sup>4</sup> Riedl, p. 37.

patriotism of such an one as Hunyadi—rather than by the memories of pale, half-forgotten saints. The ring of genuine interest and enthusiasm is to be found in the controversial prose of the Reformation period. Religion even so did not fire the Hungarian imagination. Such interest as he felt came from his spirit of antagonism to all restraint.<sup>1</sup>

At the beginning of the nineteenth century the native language was held in disfavour. Latin was the language of the scholar. If reading was an eccentricity, reading Hungarian was still more astonishing. Nor was this altogether strange. The language of the people was, in the early days of the nineteenth century, inadequate to express the new ideas. In these years began a great movement to encourage literary effort, to enrich the language by new words, and to replace Latin by Magyar as the language of literature and politics.<sup>2</sup>

By the year 1831, thanks to the efforts of Széchenyi and other reformers, some 6,000 or 7,000 words had been permanently added to the language. In 1836 the Kisfaludy Society was founded, with the object of keeping up the standard of literary taste, and of encouraging the composition of original works. Under its auspices many translations, and among them those of George Eliot's "Adam Bede" and Pushkin's "Onyeghin," were published.<sup>3</sup>

The literary landmarks of the nineteenth century in Hungary are those made by Berzsany, Vörösmarty, Petöfi and Aranyi. The first two represent the earliest movement of awakened patriotism, the second the time of development of the war of independence.<sup>4</sup> Petöfi and Aranyi transfigured popular tradition, folklore and ballads, and raised them to the highest level of poetry. Hungarian literature is, in short, the record of Hun-

<sup>1</sup> Riedl, "Hungarian Literature," p. 40.

<sup>2</sup> Riedl, p. 88.

<sup>3</sup> Riedl, pp. 89, 197, 198.

<sup>4</sup> Patterson, "The Magyars: their Country and Institutions," vol. ii., pp. 182, 183.

garian patriotism—hence a certain lack of spontaneity and a certain monotony of sentiment in much Hungarian poetry, drama, and fiction; hence, also, the predominance of the ideas of nation, fatherland and race: “art and literature ministered to patriotism, and patriotism ministered to the preservation of the race.”<sup>1</sup>

Now that the squire no longer speaks his culinary Latin; that Hungarian has become the language of politics, in which the Magyar is so intensely interested; and that the political organization has obliterated the provinciality of pre-1867 Hungary, we can say that the foundation of a new literature of world-wide interest has been laid in this little-known Turanian dialect.<sup>2</sup>

## 2. EXTENT AND ORGANIZATION OF THE COUNTRY.

The extent as well as the political and economic importance of Hungary as a separate independent State are seldom clearly grasped; but it lies almost as distinct as an island in the midst of the other European States. (The total area of Hungary, including Croatia-Slavonia, is 124,480 square miles, while the population in 1900 amounted to 19,254,559, or 154 per square mile in Hungary proper, and 147 per square mile in Croatia-Slavonia.)

The territories of the crown of St. Stephen are divided into Hungary proper, Fiume, and Croatia-Slavonia, which again are subdivided into seventy-one self-governing counties, with a central National Parliament, Administration, and Ministry, under the common Sovereign.) Croatia, as will be seen, still enjoys a certain measure of autonomy. The country, which is one of almost boundless mineral and agricultural wealth, occupies the superb basin of the middle course of the Danube. Entirely a continental state, save for the narrow strip of territory along the shore of the Adriatic, the land stretches up, fanlike, to the great half-hoop

<sup>1</sup> Patterson, “The Magyars: their Country and Institutions,” vol. ii., pp. 186-193.

<sup>2</sup> Patterson, vol. ii., p. 199.

of mountains which encircle it on the north and east. The only portion of the frontier not clearly outlined by Nature is that marching with the Roumanian border, a line which, after negotiation with Roumania in 1887, was defined by the statute of 1888.<sup>1</sup>

The mountains of Hungary belong to a dual system; the greater mountains are the Carpathians, and the lesser range that of the Alps. The first group is the source of a multitude of streams which flow towards the south, forming long fertile valleys; the second group, less wild, but scarcely less beautiful, is rich in woodland scenery, and is intersected by numerous passes; while the third group is in the form of a great undulating plateau, furrowed by many valleys.<sup>2</sup>

Between the Alps and the Carpathians lie the great Hungarian plains—the small and the greater Alföld. From Pest to the borders of Transylvania, from Tokay to Belgrade, stretches one vast alluvial plain, marshy in some places, parched in others, in others, again, loamy, but on the whole of extraordinary fertility.<sup>3</sup>

The little Alföld, or basin of Pressburg (15,000 square kilometres), is situated in the west, on the banks of the Danube, by which it is bisected. Although the regulation of that river has diminished the exuberant fertility of its islands, and in particular that of Csallokoz, the sometime *jardin d'or*, yet on the whole this fine plain retains its former fruitfulness. The great Alföld (90,000 square kilometres) is divided by the River Tisza. Much has been said of the loneliness and monotony of this special home of the Magyar—of its wild uniform stretches and its ever-recurring swamps and pools, haunted in the spring by the stork. Of recent years, however, the monotony has been greatly lessened by the works of human labour. The great pastures and luxuriant meadows are now broken by fine forests and

<sup>1</sup> Labour Report, p. 163; "Statesman's Year-Book," 1907, p. 728; Matlekovits, "Das Königreich Ungarn," vol. i., pp. 1-8.

<sup>2</sup> Matlekovits, vol. i., p. 4; Jekelfalussy, "L'État Hongrois Millénaire," p. 3.

<sup>3</sup> Patterson, "The Magyars: their Country and Institutions," vol. i., p. 84

smiling orchards, broad roads intersect the former lonely tracts, and the shriek of the railway engine forms a variation to the *chant du coq*.<sup>1</sup>

The water system of Hungary is dominated by the great River Danube. Entering the western frontier at Dévény, the river rolls eastward to Vacz (Waitzen), where it turns to the south until it meets the Drave, and after its junction with the Drave again flows eastward until it rushes noisily through the Iron Gates into Roumanian territory. Throughout this long course the Danube is swelled by the influx of innumerable lesser streams, including the second river of Hungary, the Tisza. The Tisza, itself a double river, rises in the North-Eastern Carpathians. Near Novoselicza the Black and White Tisza join, and from thence wind slowly through the plains down to the great river highway. The Danube, the Tisza, the Drave, and the Save, are represented in the arms of Hungary by four silver bands; but Hungary is really not a land of four, but of one great waterway—a Donaureich. The only streams outside the Danube system—the Poprád and the Dunajecz—are mere mountain brooks which flow over the northern frontier, and serve as tributaries to the Vistula.<sup>2</sup>

The lakes of Hungary are few in number. Lake Ferto and Lake Balaton, both situated on the right bank of the Danube, are the most important. The latter, on account of the exquisite scenery by which it is surrounded, is often called the "pearl of Hungary." Although many canals have been projected in Hungary, there are few in actual existence, the Ferencz Canal (connecting the Danube and the Tisza) and the canal at the Iron Gates, both now old constructions, being still the most important.<sup>3</sup>

<sup>1</sup> Matlekovits, "Das Königreich Ungarn," pp. 13-18; Patterson, "The Magyars: their Country and Institutions," pp. 77-79; Jekelfalussy, "L'Etat Hongrois Millénaire," pp. 14, 15.

<sup>2</sup> Jekelfalussy, "L'Etat Hongrois Millénaire," pp. 16-17; Matlekovits, "Das Königreich Ungarn," vol. i., pp. 182, 183.

<sup>3</sup> Jekelfalussy, pp. 17, 18.



As regards geological conditions, Hungary is rich in stones and minerals. Gold, silver, lead, copper, zinc, and other metals, are found in the Banat (as the plain between the Danube and the Tisza, from Temesvar to Belgrade, is called) and elsewhere; while the Alps and the Carpathians abound in granite and slate. The loess, a sort of yellow clay—accurately speaking, a diluvial deposit of loam and arenaceous quartz—is an interesting feature in the geological strata of the country, and where the deposit is spread the soil is peculiarly rich and fertile.

Both the flora and fauna of Hungary are more varied than that of other European countries. Big game still abounds; the bear, wolf, lynx, wild-cat, and boar still roam in the mountains, while the vulture and eagle soar above. The flora of Hungary is that of a transition between the Mediterranean, the Black Sea, and the Baltic. Vines, maize, almonds, figs, olives, and apples abound and flourish.<sup>1</sup>

### 3. RACIAL, RELIGIOUS, AND SOCIAL DIVISIONS.

The inhabitants of Hungary form an agglomeration of many creeds and many races; the unity of the nation is merely political. German, Slovak, Roumanian, Ruthenian, Croatian, Servian, Jew, and gipsy, all live within the borders of Hungary, while above them all towers the dominant Magyar race with its economic and cultural preponderance.<sup>2</sup>

Before the destruction, in 1848, of the iron barrier which separated gentle from simple, Magyar, German, Slav, and Rouman antagonisms were stifled under feudalism. The Protestant agitation of the seventeenth century had been largely a nationalist anti-Austrian movement; but, generally speaking, before the rise of democracy, racial and religious divisions offered no great problem to the ruler.

<sup>1</sup> Jekelfalussy, "L'État Hongrois Millénaire," p. 25; Scotus Viator, "Racial Problems in Hungary," p. 94.

<sup>2</sup> *Spectator*, July 13 and 20, 1907; "Statesman's Year-Book," 1907, p. 729.

The Slavonic races occupy an unfavourable geographical position in Hungary, which, together with their internal feuds, weakens their influence. The Slovak, who lives chiefly in the North-West, is "poor, hard-working, honest, and superstitious," full of curious beliefs; but the epithet "stupid" cannot be applied to a race which, apart from Panslavist writers, like Kollar and Stur, produced the great Magyar poet of the revolution, Alexander Petöfi, and the great Magyar national hero, Louis Kossuth. The Ruthenian, also, is poor and backward; his holdings are minutely subdivided, and he lacks education. Croat and Serb are on a somewhat higher plane, and, in spite of their intestinal quarrels, they are by no means a factor to be neglected. The Wallachs or Roumans, again, in spite of their numbers, are plunged into depths of ignorance and superstition, from which their Popes are unable to rescue them owing to their own ignorance and lack of moral influence over their flocks. The Magyar looks down upon the Wallach with an amused contempt, while the Saxons regard them very much as the Boers regard the Kaffirs.

The Jews in Hungary occupy an extremely prominent place in the national life. The Jew is universally hated and feared, but his power is undoubtedly on the increase. A large and growing proportion of the trade is in Jewish hands, and in the cities of the Alföld many of the wealthiest residents are Jews. The Jews and Germans together hold the chief place as employers of labour, while the former control not only the finances, but also, to no small extent, both the Government and the Press of the country. Here, as in Austria, the Jews are essentially an urban population, and here, as there, their prosperity is in an inverse ratio to the proportion they form of the total population. Where the Jews largely predominate, there the degree of general poverty and misery is greatest among both Jewish and Christian inhabitants.<sup>1</sup>

<sup>1</sup> *Morning Post*, March 5, 1907; Palmer, "Austro-Hungarian Life in Town and Country," pp. 60-71, 83; Scotus Viator, "Racial Problems in Hungary," p. 49.

Prediction as to the Magyarization of this motley throng of peoples has been rife, but the present position seems to argue against absorption. As regards religion, although the lack of religious unity has deprived Hungary of what might have been a unifying influence, yet the religious differences have not, except as between Croat and Serb, been a cause of much dissension. In the early days of the Reformation many Magyars became Protestants; and although a large number of wealthy nobles returned to Catholicism, which was the religion of the Crown and the Court, yet the Magyar peasants remained, as a rule, Protestant and, for the most part, Calvinist. The Greek Catholics, or Uniates, are chiefly members of the Ruthenian and Wallach races, while the Orthodox Greek Church draws most of its adherents from the latter. The Unitarians, who consist mainly of the Szeklers, or Magyars of Transylvania, are decreasing in number, but what there are belong for the most part to the small farmer and prosperous peasant class, and are well educated and intelligent. Besides all these, there is the Jewish sect, an ever-growing body, and the Nazarenes, who resemble the Quakers in some of their tenets.<sup>1</sup>

In Hungary there is now perfect legal equality among all recognized religions, and under this category fall the Roman and Greek Catholic Churches, the Evangelical, the Unitarian, the Greek Oriental, the Gregorian-Armenian and the Jewish Churches. Each has the independent administration of its own affairs, and this

<sup>1</sup> Palmer, pp. 106, 143, 200-212, 226-234; Patterson, "The Magyars: their Country and Institutions," vol. i. There are three distinct Protestant Churches in Hungary: (1) The Lutheran Church in the north, composed, in 1900, of 359,475 Magyars, 462,381 Slovaks, and about 190,000 Germans; (2) the Saxon Lutheran Church in Transylvania, under a single Bishop, with about 229,000 Saxons; (3) the Reformed Calvinist Church, with 2,292,000 Magyars, the backbone of the nation, with Debreczin as its centre. The Unitarian Church has 68,551 adherents almost exclusively Magyar. The Greek Catholic Church in Hungary is composed of two distinct bodies: (1) The Ruthene Church, a fragment of the Church of Poland, consisting of 410,775 Ruthenes, 246,628 Magyars, and 101,578 Slovaks; (2) the Roumanian Church, dating from the union of 1698, with 1,064,780 Roumanians. The Greek Orthodox Church is divided into the Servian and Roumanian Churches. (Cp. Scotus Viator, "Racial Problems in Hungary," pp. 111 and 402.)

principle has, on the whole, been loyally respected, though Count Albert Apponyi's Education Act of 1907 appears to reduce that autonomy to a shadow, so far as the Church schools are concerned.

An instance of the amity which exists in the religious sphere, and specially as between the Protestants and Roman Catholics of Hungary, is given by the fact that the coinage of the so-called National Government of 1848, at the head of which was the Protestant Kossuth, bore on its obverse side the effigy of the Blessed Virgin with the legend "Holy Mary, Mother of God, Protectress of Hungary." Again, it is not rare to find Roman Catholic priests arranging with Protestant schoolmasters that the latter should give the necessary instruction to their Catholic pupils to prepare them for the first Communion, when for any reason it is difficult for the priest to undertake the duty himself. Another remarkable fact is the small variation in the proportion of numbers belonging to the various religions. Change of creed which was formerly forbidden by law, as far as the Roman Catholic Church was concerned, is now discouraged by public opinion,<sup>1</sup> and of this there is one rather striking instance within my own knowledge, in recent times, with regard to a converted Protestant.

HUNGARY PROPER (EXCLUDING CROATIA-SLAVONIA, BUT INCLUDING FÜME).

*Racial Divisions.*

	Magyars.	Germana.	Slovaks.	Rou- manians.	Ruthe- nians.	Croa- tians.	Ser- vians.	Others
Census 1891 ...	7,857,936	1,990,084	1,896,665	2,589,079	379,786	194,413	495,133	269,898
" 1900 ..	8,568,834	1,980,423	1,991,402	2,784,726	423,169	188,562	494,641	329,337
PERCENTAGES:								
Census 1891	48.53	13.12	12.51	17.08	2.50	1.28	3.27	1.71
" 1900	51.88	11.88	11.88	16.62	2.52	1.17	2.90	1.96

<sup>1</sup> "Statesman's Year-Book," 1907, p. 731; Palmer, "Austro-Hungarian Life in Town and Country," p. 230; Patterson, vol. ii., p. 105.

## HUNGARY PROPER.

*Religious Divisions.*

	Roman Catholics.	Greek Catholics.	Greek Orthodox.	Lutherans. <sup>1</sup>	Calvinists. <sup>2</sup>	Un-classable.	Jews.	Others.
Census 1891 ...	7,267,695	1,658,308	2,064,889	1,180,714	2,212,761	61,618	707,961	9,042
" 1900 ...	8,198,497	1,841,272	2,199,195	1,258,860	2,427,382	68,551	831,162	13,486
PERCENTAGES :								
Census 1891	47·98	10·94	13·62	7·78	14·59	0·41	4·67	0·06
" 1900	48·69	10·93	13·06	7·48	14·41	0·41	4·94	0·08 <sup>3</sup>

As far as social divisions are concerned, the principles of equality which were legally inaugurated in 1848, when the nobles' privileges of immunity from taxation and military service and exclusive possession of freehold land were abolished, have not taken root in aristocratic Hungary. Since 1848 the peasant, although no longer the property of the owner of the soil, has really been virtually his chattel, and, if ill-treated, his only redress has been emigration.

Class animosity, embittered by the agitation and riots of the nineties and the long list of grievances under which the lower orders in Hungary are labouring, is now likely to be further aggravated by the Agricultural Labourers Act of 1907. This Act, which is intended to aim a blow at the demand for universal suffrage, and the constant and alarming increase of emigration, was the subject of an acrimonious correspondence in the *Spectator* and *Morning Post* in the summer months of 1907. Much was said by the critics about "Coolie" legislation on the one hand, while the defenders tried to show that the law was in the interest of the material welfare of the labourer, but it seems clear that its effect will be to bind the peasant to the soil as effectually as they were bound before 1848.

Social divisions in Hungary are, in fact, as distinct as elsewhere, and legislation has not been able to diminish them. The magnate in his stately home keeps aloof from the lesser noble, the sturdy conservative *Tablabirak*,

<sup>1</sup> Angsburg.<sup>2</sup> Helvetians or Reformed.<sup>3</sup> "Encyclopædia Britannica," new vols., xxix., pp. 353, 354.

who in turn lords it over his peasantry, while all classes alike combine in dislike and contempt for the parvenu Jew. Indeed, the increasing social power of the Jews greatly augments social complications, which are further affected by the frequency of Jewish conversions. The mixed marriages which now take place between ruined members of the aristocracy anxious to *redorer leurs blasons* and daughters of wealthy converted Jews cause great friction. In some cases the Jews who have thus allied themselves are received as equals ; in others they are rigorously excluded.

Lastly, the Magyar peasant never forgets that he is of the dominant race, and treats the peasants of other nationalities with good-humoured insolence. Especially does he despise Jews and gipsies. So here, too, there are social distinctions which must not be overlooked.<sup>1</sup>

In spite of the Magyar's boasted love of his country, with its wild puztas and pleasant cornlands, the spirit of restlessness, and the desire for amusement, characteristic of the age, has seized upon Magyar *Misi* also. The country, in spite of the dancing and music at the way-side inn and the fêtes enlivened by the gipsies, has come to be regarded as exile and a yoke. The ablest men from the villages have been attracted to the towns, leaving their native places dull. Little is left to the villagers but the call to work at dawn and the church bells in the evening.

But the tide is now turning ; unemployment in the town, and demand for labour in the country, which has been drained by emigration, have combined to diminish the attraction of urban life.

For the sportsman, of course, the broad moors and great forests of Hungary present special attractions. Not only is there big game in plenty, but the stags and

<sup>1</sup> Patterson, "The Magyars : their Country and Institutions," vol. i., pp. 263-271, 301 ; vol. ii., pp. 27-30 ; *Times*, June 6, 1907 ; *Morning Post*, June 26, 1907 ; *Spectator*, July 13 and 20, 1907 ; Palmer, "Austro-Hungarian Life in Town and Country," pp. 48, 143, 144.

chamois are finer than elsewhere, the Danube and Tisza abound in wild-fowl, and the plains are positively packed with partridges and hares.

The normal development of town life, long retarded by desolating wars, is now rapidly progressing, but the cities, especially those of the Alföld, still retain peculiar features: they are spread over a large area, in appearance they resemble enormous villages, and they have vast estates in land; Debreczin, "the Calvinist Rome," for instance, owns roughly 350 English square miles, while its population numbers only 50,000. In these towns there are few buildings of note: the streets are wide roads lined with single-storied thatched-roof houses, and only the most frequented thoroughfares in the largest cities are paved.

The towns of Transylvania present a striking contrast to the cities of the Alföld. They are full of picturesque reminiscences of the Middle Ages. Klausenburg and Hermannstadt remind one of German towns like Nuremberg, and both of them are now educational centres of some importance.<sup>1</sup>

The pride of Hungary, however, centres in her beautiful capital, the twin city of Buda-Pest. In the centre of Buda rises a rocky hill crowned by the old fortress and the royal palace. On the low-lying plain on the opposite side of the Danube lies Pest, in which the fashionable world now chiefly lives. The splendours of the Court pageants are proverbial, while both Buda and Pest are rich in public buildings, the most magnificent of which are the new Houses of Parliament, in some respects the finest in the world. The broad avenues of Pest rival those of Vienna, the theatres and clubs would grace any capital, and Hungarian hospitality is proverbial. The festivities of the Court have of recent years diminished, owing to the deaths of the Crown Prince and the Empress, but alike in the capital and throughout this most enchanting country

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 135-141.

the time-honoured saying is still verified : "Extra Hungariam non est vita si est vita non est ita. . . ."<sup>1</sup>

#### 4. POPULATION ; EMIGRATION ; EDUCATION.

Hungary ranks as one of the thinly populated countries of Europe, there being (according to the 1900 census) only 154 inhabitants per square mile.<sup>2</sup> The number of births is high, but the infant death-rate is also high. There are a great number of persons in the prime of life ; the proportion of those in middle age is but moderate, and there is a dearth of old people.

Although the industrial towns have been rapidly filling up in recent years, this is due to urban immigration, and not, as in the Alföld cities, to a natural increase. The last four census enumerations show an almost stagnant condition in the population of Hungary. The yearly increase from 1869 to 1880 was only 0·18 per cent. ; from 1880 to 1890, 0·99 per cent. ; and from 1890 to 1900 it was 0·98 per cent. The very small increase from 1869 to 1880 may to some extent be explained by the cholera epidemic of 1873, which is said to have thrown the population back ten years ; while the alarming extent of emigration, which has begun to depopulate certain districts in recent years, suffices to keep the numbers stationary, if it does not actually diminish them.)

The districts in which the population is most dense are the Alföld and Croatia-Slavonia, but it is scanty in the mountainous regions. When, however, the population is taken per square mile of arable land, it becomes evident that the Alföld is not as densely peopled as it should be in comparison with the poorer districts ; for in Transylvania the population is 138 per square kilometre of arable land, and in the Alföld only 94. As regards

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 149-169.

<sup>2</sup> "Statesman's Year-Book," 1907, p. 728.



the number of births, the Roumanians, Serbs, and Ruthenians have very large families, while the Saxons, the Magyars of the plains and of Transylvania (Szeklers), partly from a desire not to divide their properties, have few children. The Magyars have been called a sterile race, but Patterson, writing some forty years ago, comments upon the large families of the Szeklers of Transylvania, which, as we have seen, do not to-day exist, though he admits that the Magyar of the plain, perhaps from climatic, perhaps from other reasons, has not many children.

“Le Hongrois ne trouve pas digne de lui de remplir sa maison de marmots, comme l'Esclavon ou le Valaque.” Jekelfalussy, however, on the other hand, maintains that the Magyar of the Alföld has many children, and the Roumanian few.<sup>1</sup> As regards creeds, the members of the Roman and Greek Catholic Churches have the largest, the Unitarians and the Jews the smallest, families.<sup>2</sup>

In actual number of births, Hungary is one of the most prolific countries in Europe. With the advance of culture there has been a decline in the birth-rate, but it is still high, being calculated at 40·2 in 1897. The figures run higher in the Banat, and lower in Transylvania;<sup>3</sup> but since 1897 it has been on the decline. In 1898 it was 37·5, and in 1902, 38·4. The surplus of births over deaths sank from 289,917 in 1901 to 209,313 in 1903, rising to 244,963 in 1904, and falling to 159,611 in 1905.<sup>4</sup> The increase is therefore smaller than that of most European countries, but larger than that of Switzerland, Italy, Ireland, and France.<sup>5</sup> The proportion of marriages in Hungary is very high. At

<sup>1</sup> Patterson, “The Magyars: their Country and Institutions,” vol. i., p. 179; Sydacoff, p. 50; *Morning Post*, June 26, 1907; Jekelfalussy, “L'Etat Hongrois Millénaire,” pp. 376, 377.

<sup>2</sup> Matlekovits, “Das Königreich Ungarn,” vol. ii., p. 126.

<sup>3</sup> Matlekovits, vol. i., p. 24; cf. Vautier, “La Hongrie Économique,” p. 36; Jekelfalussy, p. 376.

<sup>4</sup> “Stateman's Year-Book,” 1907, p. 730.

<sup>5</sup> Matlekovits, vol. i., p. 141.

the 1890 census it was calculated that 66·5 per cent. of the population over sixteen were married, 23·2 per cent. were celibate, and 10·2 widowed; while the number of divorced persons was negligible. The marriage-rate is highest in the country and in agricultural towns, but it is greatly affected by the harvest, there being few marriages when the harvest is bad. The number of celibates is highest in industrial towns, including Budapest. The number of marriages was 170,316 in 1901; it varied little in 1902, fell to 160,221 in 1903, rose to 182,170 in 1904, and was 170,560 in 1905.<sup>1</sup>

The high birth-rate is counterbalanced by the appalling death-rate—29·6 in 1895 and 26·9 in 1902—which, though slowly diminishing, exceeds that of any other European country. The mortality among children under five years is specially high, and, indeed, accounts for half the death-rate.

Sanitary conditions in Hungary are still far from satisfactory, though matters are improving, and the Government is devoting special attention to the matter. Apart from the climatic causes of illness, there are the great fever-breeding swamps, now fast disappearing, and the sudden changes in temperature. Medical assistance is still scarce, especially in the country districts, and there is a lack of care of the sick, and even a want of confidence in such medical advice as can be obtained.<sup>2</sup> In consequence of the cholera epidemic of 1892-93, the municipalities were aroused to the importance of securing a good water-supply, and since that date their hospital accommodation has improved. It appears from the statistics that the causes of death are largely tubercular diseases (14·69 per cent.) and diseases of the respiratory organs (17·29 per cent.);<sup>3</sup> but as high a rate as 1·77 per cent. is due to insufficient nourishment.

<sup>1</sup> Jekelfalussy, "L'État Hongrois Millénaire," pp. 373-375; Matlekovits, vol. i., p. 88-90; "Statesman's Year-Book," 1907, p. 730.

<sup>2</sup> Matlekovits, "Das Königreich Ungarn," vol. i., pp. 136, 147-151; Vautier, "La Hongrie Économique," p. 37; Jekelfalussy, p. 377.

<sup>3</sup> "Hungarian Official Statistics," p. 70.

(In view of the small increase and the high death-rate, emigration, which drains the country of some 200,000 souls annually—260,000 demanded their passports in 1906—presents an alarming problem to the Magyars, who form such a small island in the midst of the Slav Sea. Emigration from overcrowded countries like Italy or England is a healthy sign, but it constitutes a terrible loss to Hungary, where every productive member of the community is a national asset. The number of emigrants from Hungary into the United States alone has enormously increased in recent years; and Mailath definitely states that the number of men Hungary loses annually by emigration actually exceeds the natural increase.)

Formerly Hungary was drained of her population in certain regions in Upper Hungary, the Szekler plateau, and the region beyond the Danube. Now the country "is all one great centre of emigration." Although the tide is chiefly directed to America, there is a considerable industrial emigration to Austria, involving a loss doubly severe owing to Hungary's need of industry and industrial workers. There is also an emigration movement to Roumania, where the emigrants retain their nationality, and one of a remarkable character to Croatia-Slavonia. This last might be regarded as a mere displacement, were it not for the important national fact that the Hungarian once removed to Croatia becomes, in spite of race antipathies, rapidly Croatized. Altogether, about 85 per cent. of the emigration is composed of agricultural labourers and servants.

(Since 1900 emigration has gone up by leaps and bounds, a special impulse being given by the agreement made in 1903 between the Hungarian Government and the Cunard Company. A new phase has been entered by the restrictive Act passed in the summer of 1907. It is still early to form an opinion as to the effect of this law, but it may be well to note the prophecy made with regard to it—that it will either fail of its object or lead to a social revolution.)

Mailath traces the causes of the emigration movement to the *délaissement* of the village, the bad harvests, and the poverty of the peasants, consequent on the subdivision of their holdings. "The villager now looks for a larger life, and places his hopes beyond the seas." The international idea has taken hold of him. The social democrats have taught him this indifference to the Fatherland. Another reason may well be given—that of the grinding poverty in which the peasant lives. Mailath declares that the majority of those who expatriate themselves do not improve their condition, but either sink entirely or lead wretched lives. Against this view, however, we must set the testimony furnished by the banks and the post-offices, and officially confirmed, to the effect that in 1908 the amount of cash remitted by emigrants to their relatives in Hungary, from the United States, reached the large total of £5,500,000. In the light of this statement, we do not require the negative causes assigned by Mailath to the emigration epidemic, and it would appear that the Government will have to offer some more potent attraction than half-hearted measures for sickness and accident insurance if they hope to maintain the Magyar nationality, as a power in the midst of the teeming populations which surround it.<sup>1</sup> Any attempt to rivet the legal fetters which bind the peasant more tightly seems doomed to failure.

One of the best means for developing the national power is undoubtedly to be found in education, to which the Government has devoted considerable attention. In 1868 school attendance was made compulsory for children from six to twelve, and "repetition" courses from twelve to fifteen. The institutions erected by the State include infant schools, elementary schools, preparatory and training institutions for teachers, legal academies, the Polytechnicum, and schools for special

<sup>1</sup> "Émigration Hongroise," Mailath, *Revue Économique Internationale*, June 15-20, 1905; Foreign Office Reports, No. 3,082, 1902; No. 3,260, 1904; No. 3,650, 1906; *Times*, June, 1907; "Statesman's Year-Book," 1907, p. 730.

subjects, such as agriculture, industry, and commerce, the whole system being crowned by three Universities. The result, however, of all this activity shows that much remains to be done, for whereas in 1880, out of a population of 15,642,102, there were 5,389,190 who could read and write, 911,557 who could only read, and 9,341,355 who could neither read nor write; in 1900,<sup>1</sup> out of a population of 19,122,340, there were 9,488,930 who could read and write, 507,034 who could only read, and 9,131,376 who could neither read nor write.

A great stumbling-block in the way of educational progress is presented by the all-pervading question of nationality and language. In one school alone the children might well speak as many as four or five languages. The dominant race have striven to meet this difficulty by making Magyar the language of the educated classes, and discouraging both politically and socially the use of other languages, though their exercise is guaranteed in set terms by Article 17 of the Nationalities Law XLIV. of 1868. It is with this object the Education Bill of Count Albert Apponyi was passed into law in 1907.<sup>2</sup>

<sup>1</sup> According to Scotus Viator, the backward state of primary education must be directly ascribed to the policy of Magyarization, because the supply of Magyar-speaking teachers cannot be adequate for the needs of the population as a whole. ("Racial Problems in Hungary," p. 209.)

<sup>2</sup> Article 17 runs as follows: "In so far as the law does not make provision, it falls within the province of the Education Minister to decide the language in which instruction is to be given in the educational institutes already erected, or to be erected by the State or the Government, to meet the (local) needs. But whereas the success of public instruction is one of the highest objects of the State from the point of view of general culture and the commonweal, the State is bound to provide that the State citizens, of whatever nationality, who live together in great masses, can develop themselves in their mother-tongue in the neighbourhood of their domicile up to the point where the higher academical culture begins." According to Mr. Varga "Hungary of To-day," p. 34), the law of 1879, while enforcing the teaching of the Magyar language, left the instruction of the children in their mother-tongue intact. Hugessen (vol. ii., pp. 320, 321) takes the same view: "According to a favourite lie intended for foreign consumption, Law XVIII. of 1879, which made Magyar a compulsory *subject* of instruction, made it the compulsory *medium* of instruction in all schools. . . ."

In a note to page 327, Hugessen states that the Laws XXVI. and XXVII. of 1907 provide that, where at least half the scholars are Magyars, Magyar shall be the medium of instruction, but steps may also be taken to give the non-

In the words of Count Apponyi, "Every institution and every influence must converge in its operation to the strengthening of sincere and proud attachment to the Hungarian State . . . and to the Hungarian language as being their [the Nationalities] own too, in its capacity of State language." There has been considerable controversy as to the manner in which the law is carried out. According to Scotus Viator, in 91 per cent. of the State schools the language of instruction is exclusively Magyar. Count M. J. Esterhazy attempted to refute this statement by referring to the latest official statistics, which, he said, showed that in "17,202 elementary schools the curriculum is taught in non-Hungarian"; this assertion was subsequently proved to be incorrect, as, according to 1904-05 statistics, the said schools numbered only 3,248.

In any case it would appear that the alarming rise of national feeling among the other races in Hungary may prevent the dominant race from carrying out the educational policy upon which the present Government has embarked.<sup>1</sup>

##### 5. CENTRAL AND LOCAL GOVERNMENT.

The Pragmatic Sanction and some of the laws relating to the present Hungarian constitution are printed in the Appendix; but it may be truly said that the constitution of Hungary, like that of England, is not contained in any single document. It is embodied in a long series of statutes and diplomas of different dates, of which the most famous is the Golden Bull of Andreas II., drawn up in 1222, and can be traced in less definite form right back to the

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Magyars instruction in their own tongue. In schools in which the language of instruction is non-Magyar, Magyar is to be a daily subject of instruction, with a view to the non-Magyars being able to express themselves in the language of the State both in speech and writing at the end of the fourth year of instruction.

<sup>1</sup> Palmer, "Austro-Hungarian Life in Town and Country," pp. 237-240; *Spectator*, July 13 and 20, December 7, 1907.

occupation of the country by the Magyars—that is, to the end of the ninth century of the Christian era.<sup>1</sup> The Golden Bull laid down that, if the King infringed the rights guaranteed to the nobles, the nobles could singly or collectively resist him, and further enacted that Parliament should be summoned annually. Although this latter provision was not strictly carried out, Parliament never became obsolete, and was always recognized as the great legislative council of the nation.<sup>2</sup>

Before 1848 Parliament consisted of a House of Magnates, composed of Bishops, great nobles, and high officials, and a Table of Deputies, chosen by the congregations or assemblies of the counties and by the free cities. Parliament had a general power of legislation, but the county assemblies had the power to suspend the operation of a measure by making representations to Government, and, further, they elected the administrative and judicial officers, and could literally prevent the operation of any unpopular measure. These bodies were thoroughly aristocratic. Nobles, however many there were, had a right to sit in the congregations, while the towns were only represented by deputies. In spite of anomalies, the constitution was popular, and the congregations especially kept alive the spirit of independence in Hungary all through the period of the Turkish occupation and the subsequent Austrian tyranny. Frequently disregarded, and even temporarily suspended, under Joseph II., there was good ground for the Hungarian contention that there was no break in its continuity.<sup>3</sup>

By 1848 it had, however, become clear that reforms were needed, and these were introduced in thirty-one laws which abolished the system of feudal privileges hitherto existent, and substituted responsible Parliamentary government. It required a twenty years'

<sup>1</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., 128; "Statesman's Year-Book," 1907, p. 726.

<sup>2</sup> Lowell, vol. ii., p. 129.

<sup>3</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 130; "Statesman's Year-Book," 1907, p. 726.

struggle before the new system was recognized by the Emperor-King.<sup>1</sup>

Under the compromise of 1867, the Hungarian Parliament has legislative authority for Hungary and for Croatia-Slavonia in matters which concern these provinces in common with Hungary proper. (The Upper House, which was again reformed in 1885, contains Archdukes (of age—*i.e.*, over eighteen), Hungarian Princes, Counts, and Barons (of age—*i.e.*, over twenty-four), paying at least 6,000 crowns annual land tax, whose families possess the right of hereditary peerage; further, forty-two Archbishops and Bishops of the Roman Catholic and Greek Churches, thirteen ecclesiastical and lay representatives of the Protestant confessions, life peers appointed by the Crown not exceeding fifty in number, nineteen members *ex officio*, being State dignitaries and distinguished Judges, and three delegates of Croatia-Slavonia.<sup>2</sup>

Unlike most of the Upper Houses in Europe, the Table of Magnates was not copied from the English House of Lords, and differs therefrom in one important particular. The Hungarian magnates are not excluded from the Lower House, and since 1848 have frequently sought election to the House of Deputies, renouncing for the time their hereditary seats in the Upper House. The Table of Magnates remains, however, a strong body, by no means lacking the courage of its convictions.<sup>3</sup>

The Lower House is an elected body. The electors are all males over twenty years of age who pay a small house or land tax, or income tax, varying with occupation. The number of the electorate in Hungary proper in 1906 was only 24.4 per cent. of the total male population over twenty years, and, thanks to jerrymandering of the constituencies, to intimidation, and to government corruption on a gigantic scale, even this per-

<sup>1</sup> Lowell, vol. ii., pp. 135, 136.

<sup>2</sup> "Statesman's Year-Book," 1907, p. 726.

<sup>3</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., p. 140.



centage cannot be said to be properly represented in Parliament. There are 453 members in the Lower House, forty of them being delegates of Croatia-Slavonia. The members of the Lower House receive £200 a year, with an allowance of £66 13s. for house rent. The language of Parliament is Magyar, but the Croatian deputies may speak their own tongue. The executive power of the kingdom resides in a responsible Ministry, consisting of a President and the heads of nine departments. In Croatia the Ban is the head of the autonomous provincial Government, and is responsible both to the Hungarian Prime Minister and to his own Diet.<sup>1</sup>

Before 1848 Hungary was in some respects rather a confederation of fifty-two counties than a centralized State. In fact, the Hungarian county was not far removed from a direct aristocratic republic. Every privileged person had the right to appear in the assembly in person, and the franchise was hereditary. However poor, every freeman (*nobilis*) was accounted a *membrum sacrae coronae*—a co-partner in sovereignty with the King—and although ignorant of Latin, in which the debates were carried on, he was entitled to vote in the congregation, and did not neglect this duty. The lowest freeman, who had but a vague idea of the national interests, was animated by a burning zeal “in the defence of that portion of the constitution which was peculiarly his own . . . the privilege of his caste, the rights of his parish and his county.”<sup>2</sup>

In 1848 a provisional regulation, which remained in force many years, widened the county organization, and admitted representatives from the newly enfranchised peasant communes. (Even after 1867 the counties retained a large part of their autonomy, but local administration had become inefficient, and justice venal. Hence in 1876 the administration was placed under the

<sup>1</sup> “Statesman’s Year-Book,” 1907, pp. 726, 727.

<sup>2</sup> Patterson, “The Magyars: their Country and Institutions,” vol. i., pp. 248-263; vol. ii., pp. 154, 155.

supervision of a committee composed in part of members elected by the congregation of the county, and in part of officers appointed by the Crown. In 1891 the autonomy of the counties was still further reduced, and a more thoroughly bureaucratic system introduced. To-day the assembly which governs each county is half composed of the most highly taxed residents (*i.e.*, the proprietors), and half of those elected by the Parliamentary electors. At the head of the Assembly is the *Foispán*, or Lord-Lieutenant, appointed by the Sovereign, who, however, is rather a dignitary than a functionary. For administrative purposes the county is divided into circuits, each presided over by a justice of the peace.<sup>1</sup>

Although the counties can legally withhold taxes and refuse to levy recruits, there is no popular representation in the true sense in the county assemblies. The power is in the hands of the landowners and those elected under the very limited Parliamentary franchise, while the working classes and the subject races are practically without representation. Falsely reputed the land of ideal local government, Hungary is becoming the happy hunting-ground of the *petite bourgeoisie*, which, with its strong Jewish element, is replacing the decaying gentry of former days.<sup>2</sup>)

The recent Parliamentary history of Hungary differs from that of other countries in the absence of the usual division into two great hostile parties. The reason of this peculiarity is to be found in the existence in the country of a large body of men who play little or no part in the Chamber, but who constitute, nevertheless, the real political Opposition. In Hungary this body consists of the subordinate races, and its presence tends to force the dominant race together, and prevents the normal development of parties.

In 1867 Francis Deak succeeded in carrying through the compromise with Austria, which created the dual

<sup>1</sup> Patterson, vol. i., p. 303; Lowell, vol. ii., pp. 143, 144.

<sup>2</sup> *Spectator*, June 15, 1907.

system. There was a large party in Hungary hostile to this measure, and it was therefore necessary to select the Ministers from Deak's followers, if the new arrangement was to be maintained. From 1867 to 1875 there were in Parliament the supporters of the Compact and the opponents of the Compact, the Right and Left. The opponents, however, could not be entrusted with the Government, and therefore the remnant of Deak's followers and all the more moderate members of the Left united, and formed under Tisza a party, which acquired a permanent control of the Government. Tisza himself remained at the head of affairs till 1890, and his party, with various leaders, carried on the administration until the total defeat under his son Count Stephen Tisza, the strongest, though not the most tactful, living Hungarian statesman, in 1905, by the coalition, which consisted of the clerical independent's party and the clerical people's party (*Volkspartei*), with the more important independence party under the younger Kossuth and the eloquent Count Albert Apponyi, and the Liberal dissentients under Count Julius Andrassy. The chief item in the programme of the coalition, at the election, was a reform of the franchise on the basis of universal suffrage; and the most ominous result of the election, from the Magyar point of view, was the appearance of twenty-five representatives of the subordinate nationalities. Up to 1908 the Coalition Government, which came into office in 1906, showed no undue haste to redeem their election pledge, but the victory, in 1907, of the Christian socialists and social democrats in Austria, under the new Universal Suffrage Law, contributed to press the suffrage question forward, and with it, of course, the question of the nationalities.<sup>1)</sup>

In November, 1908, Count Julius Andrassy introduced the long-promised Franchise Reform Bill to the Hungarian Chamber.

The feature of the Bill was that it was based upon an

<sup>1</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii., pp. 153-155.

educational test ; citizens unable to read and write were excluded from voting directly, but could choose one elector for ten of their number. The elector thus chosen had the right to one vote. By this means the illiterate electorate, it was calculated, would be reduced from 192,000, under the existing franchise, to 127,000. ×

Political power, according to this Bill, was made proportionate to the standard of knowledge and the stake of the elector in the country. Thus, electors who had passed four standards of a secondary school, or who had completed their thirty-second year, performed military service, and were fathers of at least three legitimate children, or who paid 16s. 8d. direct taxation, were entitled to two votes.

Finally, those who had passed the highest standard of a secondary school, or paid £4 8s. 4d. direct taxation, were to have three votes.<sup>1</sup>

In January, 1909, it appeared doubtful whether the Bill would be proceeded with. Till the Bill is passed and the actual text of its provisions is in one's hands, it is impossible to say whether the nationalities will really gain in power by the reform, or whether the extension of the franchise will in their case be neutralized by the stringency of the educational test and the method adopted in the redistribution of seats. The internal situation in Hungary at the present time is indeed sufficiently grave. On the one hand there is the proposal for universal suffrage, originally made as a panacea by M. Kristoffy when Minister of the Interior in the Federvary Government in 1905, to which, in some shape or other, not only the present Coalition Government, but also the King, is absolutely pledged. Coupled with this there is the ever-growing movement among the nationalities now represented in Parliament by men of capacity, and bound to attract increasing sympathy from their racial brethren and others outside the Magyar kingdom.

On the other hand there are the uncompromising

<sup>1</sup> *Times*, Vienna, November 11, 1908.

utterances of leading Magyar statesmen. Dr. Wekerle, the present Premier, stated in definite terms on June 2, 1906, that he was not in a position to carry out the law of the nationalities with regard to legal decisions. On November 27, 1906, Count Julius Andrássy, the Minister of the Interior, whose position in Hungary much resembles that of the late Duke of Devonshire in the Unionist party in England, affirmed that the law of the nationalities had been abandoned by subsequent legislation, and assured the nationalities that they themselves were to blame for the fact that the law will shortly have to be repealed. The same statesman, on May 25, 1907, declared that the aims of the nationalities could only be attained, and if attained could only be defended, by blood and revolution.<sup>1</sup>

This view has the support of the whole of the present Cabinet, of the ex-Premiers, Koloman Szell, Baron Banffy, and Count Stephen Tisza, and the whole Magyar nation. In fact, whatever may be said of the justice of the case of the nationalities, it would appear that Samson has a firm grip upon the pillars, and that he knows what he is about.

<sup>1</sup> Scotus Viator, "Racial Problems in Hungary," pp. 197-199, 317.

## CHAPTER VII

### HUNGARIAN AGRICULTURE

1. IMPORTANCE OF AGRICULTURE TO HUNGARY: Agricultural Population—Soil—Climate.
2. FORMS OF LAND TENURE: Divisions of Property—Large and Small, History of.
3. LABOUR QUESTIONS: Reasons for Existence of Large Landless Class—Their Position—Grievances—Housing—Agrarian Movement and Troubles—Legislation of 1876—Laws of 1898 and 1899—Agricultural Co-operation—Farm Servants Act of 1907.
4. METHODS OF CULTIVATION AND CHIEF CROPS: 1. Agriculture—2. Tobacco—3. Wine and Fruit—4. Forests.
5. CATTLE AND HORSES: Minor Animals—Fishing—Veterinary Questions.
6. CHARACTERISTICS AND DEFECTS OF PRESENT SYSTEM: Soil Improvements—Manure—Irrigation—Agricultural Associations—Agricultural Credit—Colonization—Education.
7. AGRICULTURAL LEGISLATION AND ADMINISTRATION: The Ministry of Agriculture.

#### 1. IMPORTANCE OF AGRICULTURE TO HUNGARY.

FOR centuries stock-breeding was the chief industry of Hungary, but in the last fifty or sixty years agriculture has become increasingly important.<sup>1</sup> The rapid rise in agricultural production is due to a combination of causes, which includes the changes in rural economy subsequent to the land emancipation in 1848, the conversion of the common pastures into tilled fields, the improved methods of farming, the regulation of the rivers, the great drainage works carried on by the Institution of Agricultural Engineers, the construction of canals, and last, but not least, the extension of the railway system.<sup>2</sup>

Hungarian farmers have turned their attention par-

<sup>1</sup> Vautier, "*La Hongrie Économique*," p. 432.

<sup>2</sup> Royal Commission on Labour Report, p. 137; Vautier, pp. 437, 438.

ticularly to the cultivation of cereals, so much so, indeed, that there are bitter complaints of the one-sided system of agriculture, and the casual nature of agricultural employment arising from the almost exclusive use of grain production, which necessitates a large supply of labour for a limited time, after which there is a long period of slackness. In consequence of these conditions of agricultural labour, the development of her industries is a matter of urgent necessity for Hungary. Indeed, the influx of country people into industrial towns is a marked feature of late years.<sup>1</sup>

In spite, however, of the increase of industrialism, Hungary remains pre-eminently an agricultural country. The vast majority of the people is employed in strictly agricultural occupations, for, according to the census of 1900, 68·5 per cent. of the whole population and 85 per cent. of the population of Croatia-Slavonia, is agricultural.

A feature of the Hungarian plains is constituted by the "monster" agricultural villages, with long solitary tracts between them. This uneven distribution of the population is the object of the solicitude of the Government, and it is hoped that some improvement will be effected by a system of internal colonization.<sup>2</sup>

From the agricultural point of view the country falls into four sections, of which the "Alföld" (literally, Lowland) is the most important. To the north lies the mountainous and wooded region between the Danube and the Tisza; on the south-east Transylvania presents similar conditions to the north-west. Finally, on the right bank of the Danube stretch fertile lands bounded by the provinces of Austria on the west, and the River Drave and Croatia on the south.<sup>3</sup>

The Alföld has the largest proportion of arable land—namely, 60 per cent. Of meadow-land there is 7 to 8 per cent., of pasture-land 17 per cent., of land devoted to

<sup>1</sup> Vautier, p. 41; Matlekovits, "Das Königreich Ungarn," vol. i., p. 115.

<sup>2</sup> Hungarian Official Statistics for 1902, p. 29; Vautier, "La Hongrie Économique," p. 424; Patterson, "The Magyars: their Country and Institutions," vol. i., p. 110.

<sup>3</sup> Royal Commission on Labour Report, p. 156.

vines 1 per cent., and of forest-land 7 per cent., the least of any district. The principal products of the Alföld are : wheat, 38 per cent. ; maize, 20·5 per cent. ; rye, 12·8 per cent.<sup>1</sup>

The lack of fuel on the Alföld enhances the value of the immense formations of peat to the east of the Tisza, near the junction of the Rivers Körös and Tisza, at Csongrad.<sup>2</sup> The soil of the Alföld differs in different parts, but it is on the whole extremely fertile. Next to the Alföld, the Cis-Danubian territory has the largest proportion of arable land for its extent, and stands first in the proportion of territory devoted to vine-growing. The "loess," or arenaceous quartz, which covers the hills contributes with the alluvial deposits in the numerous large valleys to make this region extremely fertile. Here lie splendid forests, vine-clad slopes, immense pastures, green meadows, and rich earth. It is the most highly cultivated district of Hungary, and hence even more productive than the plains of the Alföld, which are naturally richer. Next to the Alföld, the Cis-Danubian territory has the largest proportion of arable land to its extent, and stands first in the acreage devoted to vine-growing.<sup>3</sup>

The northern part of Hungary lying between the Danube and the Tisza is, as we have said, mountainous and wooded, and there agriculture is carried on with difficulty and small results ; from hence come the gangs of harvesters in summer to assist in the sparsely peopled districts of the centre and south. Here there are two kinds of soil : the northern part, stretching down to the slopes of the high mountains, is principally forest-land ; the southern part, which divides the Carpathians proper from the Alföld, is excellent vine-growing country.<sup>4</sup> There is less arable land in the north, and in Transylvania, than in the Cis-Danubian territory or in the centre ; but in Transylvania there is the highest proportion of meadow-land ; the north and

<sup>1</sup> Vautier, pp. 209-226.

<sup>2</sup> Vautier, p. 17.

<sup>3</sup> Vautier, "*La Hongrie Économique*," pp. 12, 209, 210, 248.

<sup>4</sup> Matlekovits, "*Das Königreich Ungarn*," vol. i., p. 177.



north-east have the lowest, with the exception of the Banat. In pasturage the north and Transylvania are behind the Alfölds. In wood-lands the north-east has the highest proportion—50 per cent. of its acreage; then comes Transylvania, 40 per cent.; then Croatia-Slavonia, 36 per cent.; then the north-west, 32 per cent.

Although Hungary lies in the temperate zone, the average annual temperature is higher than would be expected from its geographical position. The average temperature ranges between 42° and 58° Fahrenheit. The average monthly temperature in January falls to 40° and 42° F. The variation of temperature in different districts is as follows: Spring, 42° to 65° F.; summer, 60° to 74° F.; autumn, 44° to 59° F.; winter, 40·5° to 48° F.<sup>1</sup>

In the mountainous regions the climate is temperate, but in the Alföld there are excessive variations—frequent droughts, frequent floods, and, especially on the Alföld, violent tempests. In a few hours differences of from 25° to 30° are sometimes registered. The climate of Hungary recalls Jacob's description of Padan Aran,<sup>2</sup> "In the day the drought consumed me, and the frost by night," and the shepherd's injunction, "My son, forget not thy sheepskin," is not superfluous in the summer heat. July is the most equable month all over Hungary. In June the rainfall, generally irregular and scanty, is greatest, but autumn is the most regular season on the Alföld. The rainfall is very variable, and especially on the plains there are great extremes, changing from drought to flood. The yearly rainfall varies from 20 to 60 inches. Transylvania is especially dry. The rainfall on the Great and Little Alföld varies between 20 and 28 inches. On an average, in the mountain districts 114, and on the plains 100, rainy days are reckoned in the year.<sup>3</sup>

<sup>1</sup> "Essex Farmers' Visit to Hungary," p. 9; Vautier, "*La Hongrie Économique*."

<sup>2</sup> Patterson: "*The Magyars: their Country and Institutions*," vol. i., p. 4.

<sup>3</sup> "Essex Farmers' Visit to Hungary," p. 10. Cf. also Matlekovits, "*Das Königreich Ungarn*," vol. i., pp. 181-184.

Another disconcerting feature of the Hungarian climate is the sudden coming of winter and spring, and the late frosts, even as far on in the year as the 12th, 13th, and 14th of May, which are known as the days of the Frost Saints, "Pongracz, Servacz, Bonifacz."<sup>1</sup> Though variable, the climate is on the whole healthy. Its variability is partly due to the high belt of mountains which surrounds and isolates Hungary, and also to the fact that Hungary is not subjected to the immediate influence of the sea; while the variations between the climate of the different parts of the country is partially accounted for by the different altitudes above the sea-level.<sup>2</sup>

## 2. FORMS OF LAND TENURE.

Land in Hungary falls into two broad classes: land held by private individuals, and land held in mortmain. A better division would, perhaps, be into alienable and inalienable, because under the second head are reckoned the Fidei Kommissse, or entailed estates.

Since 1870 there has been a considerable extension of the second class; roughly speaking, 24 per cent. of the Hungarian territory (excluding Croatia-Slavonia) is inalienable land, in 1885 the proportion had risen to 28 per cent., and in 1897 to 34·6 per cent. The body which chiefly benefited by this extension was the Church, which only owned about 2·5 per cent. of Hungarian territory in 1885, but had augmented its holding to about 4·63 per cent. in 1893. Communes also extended their territory largely, holding 13·58 per cent. of the whole territory in 1870, and 18 per cent. in 1897. Entailed estates, again, which formed 1·21 per cent. of the total area in 1870, and less than 1 per cent. in 1885, grew to 4·79 per cent. in 1893.

The question of entail deserves a word in passing. This institution was introduced into Hungary in 1687, and in 1722 nobles were allowed to found entailed

<sup>1</sup> Vautier, "*La Hongrie Économique*," p. 23 Jekelfalussy, "*L'État Hongrois Millénaire*."

<sup>2</sup> Malekovits, pp. 181-184.

estates. In the Parliament of 1882 and 1886 the question of entail was discussed, and the leading statesmen were opposed to it in principle. Deak asked the question, "Why should the development of the country, the strengthening of the internal force of the nation, the reputation, the general interest, be sacrificed to mere names?" Kossuth wrote: "We hold entail to be an unjust institution, and, furthermore, materially injurious and dangerous." A resolution was passed advocating the abolition of entail and the partition of entailed estates after the death of the owner then living, but this resolution never became law.

The majority of the entailed estates are large properties, but in the latter half of the nineteenth century small proprietors began to entail their estates, especially between 1870 and 1891, very largely owing to the belief then current, that entail was a safeguard against ruin.<sup>1</sup> Much of the inalienable land is pasture-land, forests, and unproductive, and therefore the amount held in this tenure is not injurious to agriculture, except in so far as arable land is so held, and where such land is disproportionate to the amount of private land. Communal property, which rises to 30·55 per cent. of the territory of Transylvania, and State property, which amounts to 13·16 per cent. of the whole territory of the Banat, are chiefly forests. Church lands, however, and entailed estates are largely composed of agricultural soil.

In spite of the diminished amount of real estate in free circulation, it is noteworthy that the mobility of landed property increases yearly. The number of transfers shown by the registers between 1876 and 1888 shows a rise of 42 per cent. As regards alienable private land, a comparison of the cadastral surveys of 1867 and 1885 show that large holdings—that is, those over 1,000 joch (1,250 acres) and small holdings—those up to 30 joch (37½ acres)—have increased at the expense of middle-class holdings (those between 30 joch and 1,000 joch).<sup>2</sup>

<sup>1</sup> Matlekovits, "Das Königreich Ungarn," vol. i., p. 189; Vautier, "La Hongrie Économique," p. 204; Jekelfalussy, "L'État Hongrois Millénaire," p. 404; Professor Földes, "Fidei Kommissio," p. 826.

Middle-class properties, which formerly occupied more than half the soil, now occupy very little more than a quarter, and a considerable portion of the property estimated as middle-class is so small as to be on the border-line between peasant and middle-class holdings. There are altogether 2,500,000 properties in Hungary.<sup>1</sup> Of these there are, broadly speaking, 2,470,000 peasant properties, 25,000 middle-class properties, and 5,000 large properties.

There seems reason for the belief that little progress will be made so long as the subdivision of peasant properties and the increase of large properties (*Latifundien*), especially of entailed estates, is allowed to continue, and so long as middle-sized properties do not increase in number.<sup>2</sup>

(At any rate, it seems certain that the condition of the peasant properties is "as bad as possible"; their holdings are loaded with debt, and the peasant proprietors are sinking into the position of an agricultural proletariat.<sup>3</sup> This is one reason for the growing emigration.) Large and middle-class properties are occupied by one tenant as a rule, but the small holdings, on the contrary, are generally subdivided. It is not unusual to find properties of 25 to 37½ acres divided into about twenty plots scattered over the communal territory; this territory being large, great loss of time is involved in agricultural operations. A not uninteresting point in the agricultural situation is the success attained by the Jews, who not only take up the majority of the leases given by great landowners, but have also acquired some great properties, which they administer on the best lines, using the newest machinery and applying the most up-to-date methods of farming.<sup>4</sup>

The origin of the present position as regards the division of property in Hungary may be directly traced to the

<sup>1</sup> Labour Report, p. 174; Vautier, "*La Hongrie Économique*," p. 203.

<sup>2</sup> "*Ungarns Grundbesitz Verhältnisse*," p. 31.

<sup>3</sup> Labour Report, p. 173.

<sup>4</sup> Jekelfalussy, "*L'État Hongrois Millénaire*," p. 433.

land emancipation in 1848. Before that date the peasant copyholders were divided into the "curialists," or peasants occupying "noble land," and the "urbarialists," or peasants who occupied peasant land. These could not be evicted except for certain reasons defined by the law, and the copyholds which were hereditary in a family had to be transferred to another non-noble family in the event of the original family dying out. The difference between the copyholders of "noble land" and the urbarialists lay in the fact that the former paid only the capitation tax, whereas the latter paid both the capitation and the land tax, the land tax being wholly raised from the non-noble land. The Government therefore had an interest in protecting the urbarialists.

In 1848 these copyhold farms were transformed into freehold estates, and the landlords were compensated for their loss by Government bonds. The pecuniary losses which followed through the War of Independence crippled the landlords, and the Government bonds were thrown in large masses on the market, which was speedily glutted, with the inevitable consequence of a fall in the value of the bonds. The great proprietors were able to command credit, and thus tided over the critical period; but many of the middle-class proprietors were ruined, and a process of transfer, not yet concluded, set in.<sup>1</sup>

### 3. LABOUR QUESTIONS.

The Land Emancipation Act of 1848, which revolutionized the rural conditions of Hungary, was not an unmixed blessing even to the classes it was chiefly intended to benefit. The old privileges of woodcutting (*Eichelmast*), pannage (*Rohrnutzung*), the right of gathering reeds, and especially that of pasturage, which were formerly enjoyed, not only by the urbarialists, who were legally entitled thereto, but also in a lesser degree

<sup>1</sup> Patterson, "The Magyars: their Country and Institutions," vol. i., p. 319; Labour Report, pp. 173, 174; Vautier, "La Hongrie Économique," p. 202.

by the hired workers (*Lohnarbeiter*), were abolished with the institution of villeinage, or serfdom, and the common pastures were divided up.

The peasants could now, in many cases, no longer afford to raise cattle, owing to the cost of grazing, and a class of proprietors with diminutive holdings partially dependent on their earnings as hired labourers came into existence. In fact, emancipation created a landless class as well as a propertied class, which worked at a disadvantage, and the divisibility of property contributed to the creation of an agricultural proletariat. The little holdings, formerly fixed at an irreducible minimum of an eighth of a session (*i.e.*, 7 to 15 acres), were now subdivided, so that many peasants could no longer live on their holdings, and were forced to go out as hired labourers.

Moreover, the emancipation had only been in contemplation for twelve years (1836-1848), and the peasants, thus thrown on their own resources, with but little preparation, after long being accustomed to dependence, were unable to cope with the new situation. They retained for the most part the characteristics of the serf. Dull, careless, and unenterprising, they were in many cases foolish as well as ignorant. Brought more than hitherto into contact with trade, they sold their produce at a disadvantage; they got into debt, and, having sold their land far below its value, degenerated into the class of hired labourers. There was another contributory cause which hastened their downfall, namely, the rapid decline in the price of corn—their main product—which affected all Europe during this period. The result of this process, which continued for half a century, was that by the year 1900 more than 77 per cent. of the whole class of agricultural workers were landless.<sup>1</sup>

The agricultural workers fall into three groups, whose wages and conditions of labour are very similar, but who differ in an important particular—the terms of

<sup>1</sup> Labour Report, p. 173; Patterson, "The Magyars: their Country and Institutions," vol. i., p. 357; Mailath, pp. 27, 29, 33, 36.

their engagement. These are: (1) the permanent servant (*Gesinde*), engaged for a quarter, (2) the monthly worker, and (3) the day-labourer. The hours of the day-labourer are variously computed at fifteen to sixteen hours (Bunzel) and under twelve hours (Mailath). This long day in the harvest-time is an advantage to the labourer, as part of his pay is a share of the yield, and it is to be observed that the workers themselves do not complain of too long hours.

As regards wages, from 1830 to 1896 there was a very great rise indeed; but in the nearer past, from those current in the seventies and eighties to those current in the nineties before the Alföld agitation, day wages have substantially declined.

In 1897 took place the great strike among the agricultural labourers, which has been described on the one hand as a great success, and on the other hand as a great failure, but which has resulted in any case in an undoubted rise in wages in some parts of the country. The fall of the wages in the early nineties was due to some extent to the fact that the work of regulating the rivers came to an end at that time, setting free an additional supply of unemployed labour.<sup>1</sup>

The fluctuations of agricultural wages in Hungary are very great, rising in harvest-time from 300 to 400 per cent., whereas in the United States they only rise about 39 per cent. The method of remuneration varies also according to contract and custom. In the case of work contracted for there is often a mixed system of remuneration, "board and lodging being given, while much of the work is paid for in shares in the product"; in other cases the money equivalent is given in shares of the product. It is not usual to give board, except in the Siebenburg counties and in Transylvania, where the labourers will work on no other terms. Brandy plays an important part in the settlement of wages, and in many places, especially on the

<sup>1</sup> Bunzel, "Studien zur Sozial und Wirtschaftspolitik Ungarns," pp. 4, 8, 19; Labour Report, p. 177; Deutsch, "Ruckblicke, 1900," p. 17; Mailath, pp. 61, 74, 75.

banks of the Tisza, it is given even when board is contracted for in addition to wages. Wages rose fairly steadily between 1896 and 1904 :<sup>1</sup>

Year.	Spring.		Summer.		Autumn.		Winter.	
	s.	d.	s.	d.	s.	d.	s.	d.
1896.	0	7½	1	1	0	8½	0	6½
1904.	0	8½	1	1½	0	9½	0	7
1896.	0	11½	1	5½	1	0½	0	9
1904.	1	0	1	7½	1	2	1	2

} with board.

} without board.

There has been a corresponding rise in women and children's wages in this period.<sup>2</sup>

The conditions under which the people live is another subject of contention, but it seems clear that they leave much to be desired. According to Count Mailath, food varies with place, nationality, and class of workers. In the Slovak regions of Upper Hungary and the mountainous parts of Transylvania, the food is often insufficient. Potatoes and cabbage form a very large portion of the peasant diet, and meat is in these parts a rare luxury. In the Magyar districts the food is much better; the peasants eat good white bread, and have meat three or four times a week. In some houses the servants (*Gesinde*) even get wine.<sup>3</sup>

Dr. Bunzel paints a darker picture. According to him the food of the peasants is mostly vegetables; in winter, especially in the north, it is excessively poor; in some parts it is almost exclusively potatoes, in others maize. In the summer things are better, and the peasantry consume a good deal of milk and butter. They make up for the insufficiency of food by drinking more spirits (*Branntwein*), a practice which undermines their constitution. In many districts meat is not often consumed, and in the county of Zips it is only enjoyed six or seven times a year. Under these circumstances it is not to be wondered at that a great proportion of

<sup>1</sup> Labour Report, p. 177; Matlekovits, "Das Königreich Ungarn," vol. i, pp. 215, 216, 218; Mailath, pp. 57, 66.

<sup>2</sup> Third Abstract of Foreign Labour Statistics, *Board of Trade Journal*, 1906.

<sup>3</sup> Mailath, p. 75.



the agricultural labourers—in fact, the population of whole districts—is degenerating, and that pellagra, trachoma, and hunger typhus, do not die out in Hungary.

In 1898 hunger typhus spread even in the richest districts of the country. According to official statistics, there were in the fertile county of Bacska (Bekes) no less than 12,821 people without bread.<sup>1</sup>

The housing of the peasantry is another problem of urgency, though the great landowners and the officials are turning tardy attention in this direction. Overcrowding is still serious. In some counties you find two, and even three, families huddled into one low-roofed, smoky room of a mud-walled cottage, the windows of which are nailed down in winter to keep out the cold.

Mailath urges that both parents and children are much in the open air, and that thatched roofs are cool in summer and warm in winter; but he admits that one of the defects in the Hungarian Servant Law (*Gesinde Gesetz*) lies in the fact that it contains no stipulations with regard to workmen's dwellings. As it is, the unmarried workers live in stables, sheds, and the like. Day-labourers, the majority of whom come from other districts, live either in the huts of the local day-labourers, or in barracks erected by the landowners, or, again, in neighbouring sheds or stables, if, indeed, they do not sleep simply "à la belle Étoile" at their place of work.<sup>2</sup> Generally speaking, women work either as day-labourers or else cultivate the garden, but in the most fertile regions between the Danube and the Tisza, where the agricultural population is under the best conditions, they are saved the rough work of the fields. Children also do their share, as a rule, in agricultural work, and are found with men and women in the gangs of harvesters.<sup>3</sup>

The position of the tobacco cultivator is distinctly

<sup>1</sup> Bunzel, p. 15.

<sup>2</sup> Mailath, pp. 76, 77, 149-153; Bunzel, "Studien zur Sozial und Wirtschaftspolitik Ungarns," p. 11.

<sup>3</sup> Mailath, p. 86; Jekelfalussy, "L'État Hongrois Millénaire," p. 420.

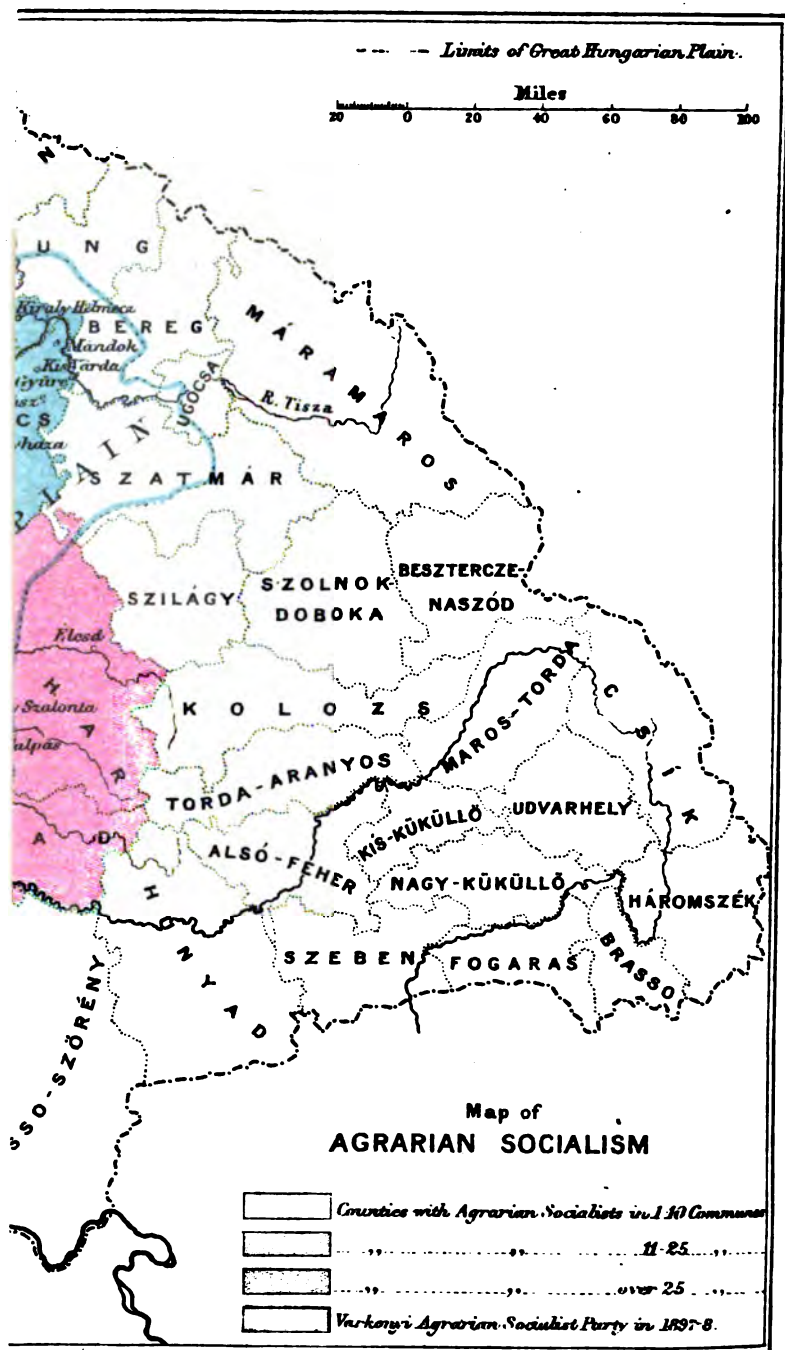
superior to that of the ordinary agriculturist, and he forms, as it were, a class apart. In the cultivation of tobacco the *métayer* system is most prevalent. Under this system, which is extremely advantageous to the landless labourer, who frequently manages to acquire a portion of land thereby, the workman obtains the land, and implements to work it, on condition of paying, in return for the usufruct, a certain share, sometimes greater, sometimes less, of the yield.<sup>1</sup> Though a favourable view is taken of the position of the tobacco cultivator both by Count Mailath and by Sir Arthur Nicholson in his report in 1892, other observers have taken a less optimistic standpoint both as regards the wages earned and the conditions of labour.

Another subject of dispute is that of unemployment. On the one hand the landlords complain of dearth of labour; on the other hand it is officially stated that even in harvest-time there are sometimes hundreds of men out of work. These conflicting statements may be to some extent explained by the uneven distribution of the population, but it is now generally admitted that the increasing population, and especially the landless class created by the Emancipation in 1848, can no longer find employment in agriculture, owing to the extensive use of agricultural machinery, the devastation of the vineyards by phylloxera (and the consequent scattering of the labourers), and the fact that the great work of regulating the rivers, which for a long time employed large numbers of workmen, is now completed; while industrial employments are not yet sufficiently developed to absorb those who are thrown out of work.

In connection with the regulation of the waters, there has been a momentous decline in the *métayer* system. The danger of inundation being no longer so grave, the inducement to let out fields in *métayage*, in order to share the risk of the destruction of the crops, no longer exists. The decline of the system has indirectly contributed to want of employment, as it has contributed

<sup>1</sup> Mailath, p. 72; Labour Report, p. 176.





to depress the condition of the agricultural labourer, who not only gains less profit from his labours, but loses a chance of raising himself from the ranks of the agricultural proletariat.<sup>1</sup>

Not least important of the causes of agricultural difficulties in Hungary is the casual nature of agricultural employment. The working year of the day-labourer has been estimated at only eighty-eight days, while the harvest, the great wage-earning time, has dwindled from the forty to sixty days' duration of the old system of cultivation, to a period ranging from fourteen to twenty-one days. Further, the restriction of agriculture to corn, which is estimated to occupy 82·21 per cent. of the whole cultivated area of Hungary, and which requires but a small number of hands except at harvest-time, gives the people little scope; though in the north, where the population is scanty, work can be obtained in the mines and factories while home industries are being fostered.

The result of the condition of the agricultural labour market has been to send many out to the industrial countries in search of work. (Emigration, which formerly flowed to Austria, Slavonia, and the Balkan States, is now chiefly directed to the United States, and has grown to such a degree that its prevention or diminution has become a most urgent question for Hungarian statesmen. Indeed, the northern landowners are often, as it is, obliged to get harvesters from Galicia. The number of emigrants from 1881 to 1901 was 367,000, a great number for so thinly populated a country, but the most serious feature is the great recent increase of emigration.<sup>2</sup>)

To state the causes of the migration of labour is practically to recount the grievances of the people. But first there are the more general facts, of the loss of their land, the increased cost of living, and the distaste for

<sup>1</sup> Labour Report, pp. 177, 178; Mailath, pp. 58, 59; "Pester Lloyd Year-Book," 1903, p. 25.

<sup>2</sup> Mailath, pp. 46-58, 66; "Encyclopædia Britannica," new volumes, vol. xxix., p. 354; Labour Report, p. 156; *Wiener Landwirtschaftliche Zeitung*, p. 407. For approximate detailed tables cf. *supra*, p. 74.

country life experienced by the young man returning from military service, who misses the pleasures and the distractions of the town.

The more specific causes are the casual or total lack of employment, the low wages, the long hours, the insufficient food, the bad housing, the lack of statutory regulation of the relations between employer and employed, the evils of discretionary or unpaid work, the impossibility of obtaining legal protection gratis, or even at a relatively small cost, the lack of interest taken by the landlords and the officials in the condition of the people, and the unpractical nature of the education given in the village schools. There is also the substitution of money payments for payments in kind, which is in fact an economic advance, and which is only a grievance because of the improvidence and ignorance of the labourer, who wastes the money on unnecessaries. In the peasant's words, "Money is spent, but corn remains"; he likes to feel his bread for the year is secure. In this view Count Mailath concurs.

At any rate, all these causes, coupled with the prosperity of the returning emigrant, with his tall hat and his knowledge of English, tend to allure the enterprising among the proletariat to leave the disheartening struggle at home, for the brilliant prospect held out to them on the other side of the Atlantic. Unsuccessful emigrants do not turn the balance the other way, because the people say, "He was formerly in no better position here: that, indeed, was why he emigrated."

The struggle appears all the more bitter to the peasant because of his extreme love of the land—his land hunger. The land he has to a great extent lost, and cannot recover, as formerly through the *métayer* system, now fast declining, which, whether in itself good or bad as a system of agriculture, was undoubtedly on the whole favourable to the labourer. This land hunger has embittered class feeling, and is the reason why schemes of socialism which include land redistribution are so favourably received by the peasantry.

In connection with the *métayer* system, as it still exists, there is a special grievance above referred to, that of discretionary or unpaid labour. It is customary for the landowner to demand so many days' work to be performed gratis, in order to equalize the contract when the land is especially good. This discretionary work is often much abused, particularly by the agents of the landowners, who drive hard bargains with the labourer—above all in the districts where the *métayer* system is declining. The discretionary work in question must not be confused with the old *Robot*, a compulsory unpaid work which was done before 1848, as a due to the landlord, and was in that year abolished by statute. The people, however, retain the old name, which has led several authors to state that the old *Robot* still exists.<sup>1</sup>

All these grievances, and the class hatred created, prepared the way for socialist propaganda and the agrarian movements of the last twenty years. Socialism, which can be traced back as far as 1867-68,<sup>2</sup> took a more active form in 1889, when an organized agitation was set on foot in the provinces, and a regular system of correspondence commenced, partly as a result of the International Workmen's Congress held in Paris in that year.

In 1891 there were outbreaks in several parts of the Alföld, at Bekescsaba and Battonya; then, after a lull of three years, during which the propaganda went steadily forward, there was a great disturbance in 1894 at Hodmezö Vásárhely, which caused a general alarm throughout Hungary, and all meetings in the Alföld were forbidden.<sup>3</sup> The socialist agitators were throughout extraordinarily tactful in assuring their followers of the sympathy of the Crown Prince Rudolph, and later of the Emperor, and in directing their fury against the local representatives of law and order. They even succeeded in educating their Magyar followers to refuse to sing the national anthem.

<sup>1</sup> *Wiener Landwirtschaftliche Zeitung*, June 12, 1901, p. 408; Bunzel, pp. 8, 9; Mailath, pp. 47, 65, 67, 68, 69, 72, 79, 88, 99.

<sup>2</sup> Cf. Royal Commission on Labour Report, p. 165.

<sup>3</sup> Mailath, pp. 105, 106.

In 1897 the first Agricultural Labour Congress was held, and a definite programme was drawn up demanding the repeal of the Servants Law of 1876, and that State provision for the insurance of agricultural labourers against sickness and old age, together with shorter hours and payments in cash, equal wages for men and women, abolition of child labour under fourteen, and the organization of a labour registry for the whole country.

To obtain these demands a strike was organized, and the Government in reply formed a contingent of workers in reserve, though it was careful to appear as far as possible impartial, and only anxious to save the crops and preserve order. As a result of the strike and the bad harvest, there was dearth and distress.<sup>1</sup> In some districts wages were raised 40 or 50 per cent., but the demands of the congress were nowhere granted.

In 1898 there was a recurrence of the agrarian disturbance, under the leadership of Varkonyi, who had broken away from the main body of socialists and founded a separate party, with the division of the land as the chief item in his programme. The outbreak, which took place chiefly in the north-east of the Alföld, spread north beyond the Alföld, and then south to the Bodrogekőzer region, west of the Tisza, in the Southern Alföld. The military were called out, and the movement was vigorously suppressed. The people were disappointed at the results of the outbreak, and the socialist influence waned. In 1901 the various socialist forces joined hands in advocating universal suffrage, and the newspapers of the better classes began to take notice of the movement. In 1903 and 1904 disturbances, of which the principal object was a redistribution of land, again took place, beginning in Southern Hungary. Up till this time it may be said that, although the agitation had aroused class antagonism, it had not called the attention of the Government or the public to existing evils. The most remarkable feature of the

<sup>1</sup> Mailath, p. 113 ; Bunzel, p. 17.



later development—1903-04—of the socialist movement, which had at first been purely Magyar, was the adhesion of the minor nationalities, of Servians and Roumanians, and the election, first of Varkonyi in 1901, and then of other socialists as members of Parliament in 1905.

Among the agrarian grievances was the lack of a system of credit which would grant loans on easy terms, the result of which was that the peasants were crippled by their indebtedness to local usurers.<sup>1</sup> As long ago as 1886, Count Alexander Karolyi, who may be called the father of the co-operative movement in Hungary, had started a system of co-operative credit through the County Council of Pest Pilis Solt Kis Kun.<sup>2</sup> For a long time the Government was jealous of the influence these associations seemed likely to acquire; but in 1898 Baron Banffy passed a law founding the National Central Credit Association, and granting it certain valuable privileges, such as exemption from all taxation. Under this law, co-operative societies may only be formed subject to the approval either of local authorities or of some public institution, such as the agricultural society. Since then the Government has shown its interest in the co-operative movement by giving co-operative societies a preference in purchasing goods for the army, and by granting, in 1904, twelve million crowns to promote the co-operative sale of farm produce.

At present, according to Count Mailath, the sole opposition to the movement is to be found in the indifference of the people. The energy displayed is, however, considerable. The number of dairy associations in 1897 was 34, with 2,767 members, and produce valued at £24,470; in 1903 there were 517 societies, with a membership of 50,450, and produce valued at £439,746.<sup>3</sup> The total number of credit associations in Hungary in 1903 was 2,830; detailed statistics are

<sup>1</sup> Labour Report, p. 173.

<sup>2</sup> Mailath, "Co-operation in Hungary," p. 8.

<sup>3</sup> Third Abstract of Foreign Labour Statistics, *Board of Trade Journal*, 1906.

available as to 1,653 of these, which possess 366,721 members, and a share capital of £1,418,000, of which £714,000 is paid up. 1,653 societies have savings deposits of £883,000, and a reserve fund of £95,000.<sup>1</sup>

The importance of these associations as a practical education, not only in economics, but also in public affairs, is too well known to need emphasis in a book intended for English readers. In Hungary they form in addition a meeting-place, and basis of reconciliation for the different nationalities. The Employers' Liability Act, passed in 1901, and the Aid Fund (*Hilfskasse*) Law of 1900, which enables members of the fund to insure against sickness, accident, and old age, are further proofs of the awakening of the Government to the needs of the poorer classes.

The relations between employer and employed, which had been the principal cause of friction in recent years, were further revised in 1898.

The Act of 1876, to which reference has already been made, attempted to establish patriarchal relations between master and labourer; but this was done in general terms, and the lack of clear definition led to disputes, in which the weaker side suffered. The law of 1898 was enacted to restore order and insure the agricultural work being performed, but has been stigmatized as "a police regulation," and a second and worse edition of section 5 of the law of 1876. It is true that the worker might not be dismissed without just cause, that wages had to be punctually paid under the penalty of a fine for the employer; but, on the other hand, the labourer who broke his contract was subject to fine and imprisonment. It was the latter provision which the labourers considered unjust, and against it they agitated vigorously.

Partly, no doubt, in consequence of the outcries of the workers, two further Acts were passed in 1899, which provided for a revision of the labour contract, if it became impossible to carry it out at the original price,

<sup>1</sup> *Journal of the Board of Agriculture*, July, 1903.

and also for the payment of the travelling expenses of the labourer by the employer, when no agreement is arrived at. Further, in 1900 two institutions were founded which had been advocated by the Labourers' Congress itself—namely, the organization of agricultural labour agencies, and the Provident Association for the Sick.

In spite, however, of these laws, discontent increased, and with it the flow of emigration, which led to the reconsideration of the whole question of the relations of employer and employed by the Coalition Government in 1907.

It should be recollected in this connection that the greater part of the agricultural work is performed by permanent farm servants, engaged by the year, and that only extra or exceptional work is done by labourers working by day or under agreement.<sup>1</sup> It is these with whom the legislature desired to deal, and, whatever may be said from the point of view of the masters or from the point of view of the State, from the point of view of the peasant the proverbial last straw is provided by the much-debated Hungarian Farm Servants Act of 1907, to which reference has already been made. This Act, according to György, provides for the "legal security of both contracting parties,"<sup>2</sup> its aim being, in the words of its promoter, to effect "the twofold object of preventing labour abuses to the prejudice of the (farm) servant, and the improvement of the servant's social and economic condition." The real object of that Bill would appear to be more correctly described by the correspondent of the *Times* at Vienna, viz., "to check the flow of Hungarian emigration to the United States by providing land-owners and farmers with means of binding labourers to the land, and to prevent the growth of agrarian socialism."<sup>3</sup>

<sup>1</sup> Labour Report, p. 176; Mailath, p. 35.

<sup>2</sup> Article by György, "The Hungary of To-day," p. 270.

<sup>3</sup> *Times*, June 15, 1907.

Certainly, as far as I understand the Act, it seems in reality to place the farm servant and contract labourer in a condition of dependence almost as absolute as when the peasant was *glebæ adscriptus* before 1848. If the servant fails to put in an appearance at the right time, or attempts to escape, he may be captured and haled back like a runaway (Articles 17 and 48). In any case, he is forbidden to leave the farm, or employ a substitute, or to receive visits from the outside (Article 19), without his master's permission, on pain of a fine of £2 1s. 8d., deduction from wages, and liability to damages (Articles 20, 35, and 50).

To guard against abuses, there is the protection of the local authorities, and an appeal to the Alispán; but these officials are elected by the County Assembly, in which the agrarian interest, as represented by the large taxpayers, controls a permanent majority. There is an appeal to a third instance, the Minister of Agriculture, but the law provides that an appeal shall not stay the execution of a sentence. Further, there are provisions subjecting labourers under eighteen to house or domestic discipline involving corporal punishment, and under Article 5 no passport of emigration shall be delivered to a farm servant until all relations between him and his master have been ended.

When it is remembered that the servant is, under this law, liable to fines, costs, and damages for any neglect of duty, and for a number of petty offences created by the law, and that to meet these fines, costs, and damages, his wages and all his belongings, excepting fuel, food, and shelter, may be seized, it will be seen that the master may keep the servant, if not permanently in debt, at any rate unable to save a little capital wherewith to emigrate. Then, again, if a farm servant, either because he feels wronged and without redress, or because he wishes to improve his condition, encourages his fellows to take concerted action against the master, he is liable to a fine of £16 18s. 4d., two months' imprisonment, and to damages. If he joins

in a strike or other refusal of duty, he is liable to ten days' imprisonment, a fine of £4 8s. 4d., and damages.

No doubt there are also enactments providing for good healthy quarters, free medical attendance for the wife and members of the servant's family under twelve, school fees to be paid for the servant's children, etc.; but these are not sufficient to sweeten the bitter pill, especially when it is remembered that, under section 313 of the Hungarian Penal Code, the employers are assured of immunity for the infliction of bodily injury upon the employed, provided the injury be curable in eight days.<sup>1</sup> The latest comment upon the law comes from an official source; and if the writer's view is to be credited, the Act, in spite of all the agitation inside and outside Parliament which attended its passage, is now in its first year working smoothly.<sup>2</sup>

#### 4. METHODS OF CULTIVATION AND CHIEF CROPS.

Methods of cultivation in Hungary vary according to the means, and also according to the nationality of the landowners. The great properties are well, and even extravagantly, worked. Capital is freely employed with a knowledge of the latest technical and scientific discoveries; the cultivation of middle-sized properties, however, leaves much to be desired, while the peasant holdings suffer from the lack of knowledge and capital of their cultivators.

The Germans are the best cultivators, then the Magyars and the Serbs. The Croats, Slovaks, Ruthenians, and Roumanians (Wallachs), as a rule lag far behind.<sup>3</sup>

The three-field system still predominates very largely in Hungarian agriculture, but since 1850 improvements have been gradually adopted, and a system of greater rotation of crops is gaining ground, especially in the

<sup>1</sup> *Times*, June 13, August 17, September 25, 1907; *Spectator*, July 20, August 17, 1907; *Morning Post*, June 26, 1907.

<sup>2</sup> "Hungary of To-day," p. 270.

<sup>3</sup> *Labour Report*, p. 175; *Vautier*, p. 211.

large and middle-class properties. The rotation varies in different districts. In the rich plains of the Alföld the triennial system is frequent, maize alternating with wheat, whilst in the Valley of Poszony (Pressburg) the "système quatriennal" is employed (fallow being followed by three grain harvests), in spite of the general extension of the rotation system. In the Alföld the principal product, wheat, is sown in the fallow, then colza (rape seed) plants for fodder or maize; summer sowing, then maize, turnip, or wheat. In the Trans-Danubian territory the following system is frequently applied: (1) Maize or turnip; (2) summer sowing; (3) plants for fodder (*i.e.*, clover, Burgundian hay, etc.); (4) autumn wheat; (5) fodder plants.

In many places the three-field system has been changed to the six-field system; that is, only in every sixth year is the sixth part of the land left to black fallow (*schwarzen Brache*), and on a sixth the green fallow (*grünen Brache*) plants for fodder are cultivated. The amount of fallow is, on the whole, much less than formerly.

Ploughing is now deeper than heretofore, but until lately the peasants only ploughed a depth of not more than 3 inches, as against the six-inch ploughing in France. Properties of middle size and large estates work their land better in many cases, using a plough with a double or treble ploughshare, while on some properties the steam-plough is employed with excellent results. Although Hungarian agriculturists never have been much addicted to manuring their land, yet in recent years there has been great progress in this respect, so that on most middle-sized and large properties manure is now preserved and systematically applied. In particular, considerable use is now made of artificial manures. Further, agricultural machinery has now been widely introduced, and has both facilitated and improved the methods of cultivation.<sup>1</sup>

<sup>1</sup> Matlekovits, vol. i., pp. 199, 207-209; Vautier, pp. 216, 220; Labour Report, p. 175; Jekelfalussy, pp. 438, 439, 440; Wirth, p. 107.

A feature of Hungarian agriculture is the very small use of farm buildings. In small properties straw and hay are kept in huge stacks, and grain generally in a pit, the sides of which have been scorched dry. Corn is sometimes, but not usually, kept in a corner of a barn. Well-built granaries are the luxury of great landlords. A notable change has been brought about by the decline of the *métayer* system, which is still in great vogue for the cultivation of tobacco. This decline, as far as cultivation is concerned, is probably another sign of progress.<sup>1</sup>

The effect of the more intensive cultivation has been to bring a steadily increasing proportion of soil under crops, while an ever-decreasing proportion is lying fallow.

The percentage of the arable soil under crops was in 1891 77·06, and in 1900 89·13. The percentage of arable soil lying fallow was 22·94 in 1871, and 10·87 in 1900. Further, the area cultivated is more productive.<sup>2</sup> The chief crops in 1903 were wheat, 1,031,596 cadastral joch; then maize, 8,989,566 cadastral joch; then rye, barley, oats, and plants for fodder, each occupying between 1,750,000 and 2,000,000 cadastral joch; potatoes just under, and other products just over, 1,000,000 cadastral joch; that is, the crops were chiefly cereals. In 1900, wheat, which is by far the largest product in Hungary, occupied 31·26 of the whole area under crops in Hungary, and 21·92 in Croatia-Slavonia; in 1904 and 1905 the area under cultivation was slightly less, but the proportion of the crops was about the same as in 1903.<sup>3</sup>

The wheat crop on an average in the eighties, over an area of 7,500,000 acres, was 15,800,000 quarters, and in the nineties, over 8,400,000 acres, 17,500,000 quarters. The average crop per acre was  $17\frac{3}{4}$  bushels (81 stones), varying between 4 and 22 bushels per district. The

<sup>1</sup> Patterson, vol. i., p. 95; Vautier, p. 215; Mailath, pp. 69, 73.

<sup>2</sup> Hungarian Official Statistics, 1901, p. 12.

<sup>3</sup> "Pester Lloyd Year-Book," 1903, p. 226, 1905, p. 134.

average weight of wheat per bushel is  $62\frac{1}{2}$  to  $63\frac{1}{2}$  pounds ; on more productive soil it is 64 to  $65\frac{1}{2}$  pounds, and in consequence of the careful choice of wheat the weight is certainly rising. For some years the farmers have been provided by the State with good seed, which is produced in State farms.

Hungarian wheat has splendid qualities, and is not deteriorating ; it is very hard, and the husk comes off easily ; it consequently yields the finest and best flour, and hence, in spite of heavy import duties, Hungarian flour has never been excluded from foreign countries. The greatest part of Hungarian wheat is consumed in the country itself.<sup>1</sup>

In economic importance maize stands only second to wheat, and its production increases yearly on account of the enormous demand for its use in fattening cattle and in the manufacture of alcohol ; fodder maize is, indeed, one of the most important fodder plants. Hungary stands first of the maize-producing countries of Europe, though she ranks far below the United States. Owing to the intensive cultivation, there has been an enormous rise in the production of the potato harvest, though the area on which it is cultivated increases slowly if steadily.<sup>2</sup>

The cultivation of beetroot for the purpose of sugar manufacture has advanced with giant strides since the support of the State was given to sugar manufacture in 1887. In that year only 60,000 cadastral joch were devoted to the cultivation of beetroot sugar, but this figure had risen to 160,000 in 1900. Another kind of beetroot (fodder beetroot) has also greatly advanced in recent years owing to the decrease of pasture-land and the greater application of intensive cultivation, which has given an impetus to cattle-raising, and hence to the production of fodder.<sup>3</sup>

A great part of the Hungarian soil lends itself to the cultivation of tobacco, and among European tobaccos the

<sup>1</sup> "Essex Farmers' Visit to Hungary," p. 14 ; Daranyi, p. 4.

<sup>2</sup> Matlekovits, vol. i., pp. 250, 251, 257.

<sup>3</sup> Matlekovits, p. 170 ; Hungarian Official Statistics, 1901, p. 16.



Hungarian ranks second in quality to the Turkish. The tobacco plantations doubled between 1871 and 1876, but have diminished every year since that date, the decrease being most marked since 1878, owing to the unfavourable conditions for the export of tobacco which then came into force, and even more marked since 1887, owing to the conditions imposed by the State monopoly. Tobacco is cultivated almost exclusively on the right bank of the Tisza, and although the area under cultivation has seriously diminished, the harvest per acre has increased, owing to better methods of cultivation.<sup>1</sup>

Viticulture, one of the oldest and most productive branches of Hungarian cultivation, is now rapidly declining. The phylloxera, which has proved so fatal to this industry, first appeared in Hungary in 1875, in the neighbourhood of Pancsova. By the year 1890 the scourge had infected 2,061 parishes, and in 1897, 2,773. The Government made vigorous efforts to restore and improve the cultivation of vines. Vineyards which had been destroyed by phylloxera were replanted, and declared exempt from taxation for ten years. In 1896 a sum of 1,200,000 gulden was placed at the disposal of the Minister of Agriculture by the State for the reconstruction of vineyards, and the support of associations for courses of instruction in the care of vines. The production per hectare fell from 22·37 in 1878 (the figure since 1861) to 11·07 in 1890 and 4·65 in 1891. Another epidemic which has done great harm to the vineyards is the *Peronospera viticola*, but this is now to a great extent allayed by the general use of muriate of copper (*Kupfersalze*). On the whole, the Government efforts have met with admirable results, and from 1892 to 1901 nearly 159,000 cadastral joch of vineyards were planted.<sup>2</sup>

The devastation of the vineyards had one good effect, for it turned the attention of vine-growers, who found

<sup>1</sup> Wirth, p. 120 ; Vautier, p. 243 ; Matlekovits, vol. i., pp. 267, 276.

<sup>2</sup> Jekelfalussy, p. 443 ; Vautier, p. 272 ; Hungarian Official Statistics, 1901, p. 23 ; Matlekovits, vol. i., pp. 279-284.

themselves confronted with ruin, to the cultivation of fruit, for which the Hungarian climate, with its warm summer, and hard winter to protect the trees from noxious insects, is peculiarly favourable. The chief fruit-trees are the plum, apple, pear, morello cherry, mulberry, and peach. Orchards and vegetable-gardens occupy 1·2 per cent. of the Hungarian territory, but the returns are poor, principally owing to the ignorance of the cultivators: this the Government has attempted to rectify by the erection of special schools (*Bauern Schulen*) and the encouragement of the manufacture of brandy from damsons.

In 1895 the returns show 31,878,000 plum-trees, 9,386,000 apple-trees, about 4,500,000 pear-trees, morello-cherry-trees and mulberry-trees, and 3,000,000 peach-trees. Flower-growing, which has increased in the last few years, has a great field open to it, for home-grown flowers do not nearly supply the demand of the Hungarian market.<sup>1</sup>

The mountainous regions are largely covered by forests, which occupy 28·86 per cent. of the whole territory of Hungary. Of these forests 67·89 per cent. are public property, those belonging to the State and to religious bodies being very well managed. Before the improvement of the means of transport and communication, forests were little valued, but from 1850 they began to be exploited on a large scale, to enable the landowners to tide over the financial difficulties which arose from the reforms of 1848. They were cut down and not replanted, and in some cases while standing were actually set on fire to secure better pasturage. The result of these devastations was highly disastrous: swamps appeared along the banks of the Tisza, while the rainfall diminished and the winds increased in violence; further, the want of trees tended to impoverish the soil by compelling the inhabitants to burn as fuel that which should have been returned to the ground as manure.

<sup>1</sup> Wirth, p. 121; Vautier, p. 262; Matlekovits, pp. 310-316, 321.

In consequence of this ruinous management, a law was passed in 1879 for the preservation of the forests, and the system of management was defined. Artificial reforestation has had a very beneficial effect in regenerating wastes, in converting shifting sands into stable soil, and in drying swamps. The forests are useful not only for fuel, but also for industrial purposes, and numerous saw-mills have been established. Further, the forests are used for pasturage, and the acorns are excellent food for pigs, quite apart from the value of such property for the purposes of sport. Sylviculture having made progress, Hungary's trade in wood has become important, and amounts to an average of more than 18,000,000 gulden a year.<sup>1</sup>

#### 5. CATTLE-REARING, ETC.

After the breaking up of the great meadows and pastures in the nineteenth century, and their distribution among those entitled to them, preference was given to the cultivation of cereals, and the meadows were largely transformed into ploughed fields. From 1878 onwards, the Government has shown great activity in fostering the industry of cattle-rearing, formerly the chief occupation in Hungary, which from the early eighties received further impetus from intensive cultivation, and the consequent use of manure. The principal animals reared in Hungary in 1895 were: Horses, 2,308,457; cattle, 6,738,365; sheep, 8,122,682; pigs, 7,330,343; and goats, 308,310.<sup>2</sup>

The little Magyar horse, which was originally famous for its swiftness and endurance, gained in height and beauty at the time of the Turkish wars by being crossed with the Arabs, but degenerated after the seventeenth century owing to ill-advised cross-breeding. Since 1867 the Government has undertaken the task of regenerating

<sup>1</sup> Vautier, pp. 265-267; Matlekovits, vol. i., pp. 480, 497; Jekelfalussy, pp. 475, 481; Patterson, vol. i., p. 93.

<sup>2</sup> "Statesman's Year-Book," 1907, p. 737; Vautier, p. 277; Jekelfalussy, p. 453.

Hungarian horse-breeding. Sums are annually voted by Parliament for this purpose, and State studs have been established. The English stock is considered the best at all the studs.

The State places a certain number of stallions yearly at the disposal of the communes, who request it, at a moderate price (300 to 500 florins), payable in three years, during which time the animal is guaranteed by the head of the depot. From 1882 to 1890, 396 stallions were sold in this way—111 to the communes of the Banat, and 95 to those on the right bank of the Tisza. The heavy draught horses are principally raised in the counties of the western frontier, and excellent draught and saddle horses are bred in the Trans-Danubian territory.<sup>1</sup>

The history of cattle-breeding in the nineteenth century presents a similar picture, for, after undergoing a decline in the period subsequent to the emancipation, it revived, with the assistance of Government support, after 1867, and still more after 1878. Between 1867 and 1895 the number of horned cattle increased 19 per cent. and greatly improved in quality. The native Hungarian ox is a silver-white animal with immense horns, and, owing to its powerful frame, has been described as the most admirable beast of burden that exists. It is easy to feed, and also hardy, so that there is little difficulty about stabling it; again, it makes excellent meat, as well as yielding valuable manure. The Hungarian ox is raised on the Great Plain, and the only drawback to the breed is that the cow is an indifferent milker, and hence it has been found necessary to acclimatize western cattle, though 80 per cent. of the horned cattle still belong to the Hungarian stock.

In 1880, the Commission appointed to inquire into the degeneration of Hungarian cattle, both in quality and quantity, stated that the chief evil was the insufficient number of bulls. The remedy suggested was to give good bulls to the different communes. The

<sup>1</sup> Vautier, p. 280; Matlekovits, vol. i., pp. 334, 335; Jekel-Alussy, pp. 459.

country was divided into districts, the greater part being reserved for the valuable Hungarian cattle. The heavy Swiss cattle were introduced into the western districts, the lighter Swiss cattle into the mountainous regions of the north-west, the grey breeds into the north-east, and the small piebald mountain breeds into the frontier districts of the east and south-east. Breeding-depots were also established on State properties. As in the case of horses, the Government facilitated the purchase of bulls by the communes, and even lent them gratis to communes which, owing to floods and other disasters, had been reduced to poverty. At the end of the nineties the vote in the Budget for the support of the breeding of animals (exclusive of horses, but including dairying) rose from over 100,000 to about 1,000,000 gulden. The encouragement afforded to cattle-breeding has been extended to dairying, and a Milk-Inspector has been appointed to assist dairies, if possible, on the basis of a dairy association, and, further, to promote the industry, not only by act and counsel, but also by the organization of technical education.<sup>1</sup>

Sheep-breeding has very much declined owing to transoceanic competition, which has lowered the price of wool. It is unlikely that the raising of merino sheep will regain its old dimensions; the breeding of the milch sheep is nowhere important from the economic point of view. The best milch sheep is the Raczsta, which produces good meat and good milk. Lately sheep have been specially bred for killing, and English breeds have been imported with good results, particularly the Cotswolds and the Downshire.<sup>2</sup>

The breeding of pigs is the branch of animal-rearing in which the greatest increase has been made, and the State has not been required to interfere directly. There was, however, a great epidemic of epizooty in 1895, which lasted through 1896 and 1897. In three years not less than 1,337,621 pigs died of the disease, and the

<sup>1</sup> Jekelfalusy, p. 460; Matlekovits, vol. i., pp. 326, 369, 370.

<sup>2</sup> Vautier, p. 294; Matlekovits, vol. i., pp. 356, 357; Jekelfalusy, p. 463

loss is estimated at from 20,000,000 to 30,000,000 florins. In 1904 the breeding of pigs had not recovered; the remedy suggested is to cross with English pigs. This has been tried, and the Berkshire and Yorkshire cross-breed have been the most successful.<sup>1</sup>

According to the Essex farmers the breeding of pigs in Hungary is rather one-sided; there is only one type—the bacon pig.<sup>2</sup>

Fowls, which are chiefly raised in the Banat and centre, merit a word in passing, as the export of fowls and eggs rose from 14·8 million crowns in 1881 to 62·6 million crowns in 1905. Here, too, the Government has begun to take an active interest; a fowl-breeding school has been founded, and an institution for instructing peasant girls was opened by the State at Gödöllő in 1905.<sup>3</sup>

Fishing was formerly an important industry, and fish is an important item in the diet of the Hungarian people, but there has been a decrease lately owing to the regulation of the waters. Ever since 1868 the Government has taken an interest in the question. In that year 20,000 gulden were devoted to the improvement of fishing. Since then an Inspector of Fisheries has been appointed, and model fisheries have been established at Lake Balaton, in Buda-Pest, and in the county Zips; but, though there has been an improvement, much remains to be done.<sup>4</sup>

Among minor rural industries must be mentioned silk-cultivation and the culture of bees. In Hungary proper in 1905, 12,265 of the inhabitants were engaged in rearing bees, which produced 31,468 metric centners of honey and 1844 metric centners of wax, of the value of nearly 3,047,203 crowns.

In 1879, 1,059 families were engaged in silk-culture, but this figure had risen to 109,790 families in 1905.

<sup>1</sup> Matlekovits, vol. i., p. 362; Jekelfalussy, p. 465; Vautier, p. 291.

<sup>2</sup> "Essex Farmers' Visit to Hungary," p. 24.

<sup>3</sup> Jekelfalussy, p. 467; Vautier, p. 298; Matlekovits, vol. i., p. 388; "Pester Lloyd Year-Book," 1905, p. 147.

<sup>4</sup> Jekelfalussy, p. 476; Matlekovits, vol. i., p. 477.

The produce of the cocoons was 1,959,213 kilogrammes, the value 3,447,862 crowns.<sup>1</sup>

Veterinary questions are under the control of the Minister of Agriculture. By an ordinance of 1859 provisions were made against cattle plague, foot and mouth disease, anthrax, and other diseases of animals. In 1874 a law was passed to bring about harmonious co-operation between the Central and Local Government which has proved most effectual. In 1880 a law was passed forbidding the importation of cattle from those countries in which cattle plague is frequent. The Government is also greatly interested in the increase in the number of veterinary surgeons, who are now principally in the service of the Government. In 1902 there were 1,057 veterinary surgeons, of whom 609 were in the service of the State, and 237 in that of the local authorities.<sup>2</sup>

#### 6. CHARACTERISTICS AND DEFECTS OF THE PRESENT SYSTEM.

The Hungarian system of agriculture is still passing through a transition stage, which may be traced back to the land emancipation of 1848. The extensive system of cultivation, which left irrigation to the rain and desiccation to the sun, is gradually being replaced by intensive methods.<sup>3</sup> The triennial system is being abandoned in favour of a better rotation of crops, less land is lying fallow, while the actual amount of soil under cultivation is, thanks in great measure to regulation of the waters, larger than heretofore. The more extensive use of manure, together with the employment of agricultural machinery and deeper ploughing, have produced the better results which are illustrated by the increased yield per acre.

The State has been active in its encouragement of all branches of agriculture, not only by legislation, but also

<sup>1</sup> "Statesman's Year-Book," 1907, p. 738.

<sup>2</sup> Matlekovits, vol. i., pp. 379-381; Official Hungarian Statistics, 1903, p. 124.

<sup>3</sup> Patterson, vol. i., p. 87.

by the material assistance of grants of money, and by the establishment of agricultural institutes, educational, technical, and otherwise.

Although Hungary has still much to learn from the countries of Western Europe, she is fairly on the road of progress, and one of the brighter features of her present position is the eager interest shown by the large proprietors in making experiments with new agricultural methods and in adopting new ideas. On the other hand, properties of the middle size are diminishing, being replaced by the cultivation of peasants, who are inferior necessarily in their education, knowledge, and methods, to the better classes. Specially in the case of Slovaks, Ruthenians, and Wallacks, the cultivation of the small holdings leaves much to be desired.<sup>1</sup> The question of the improvement of the soil has received greater attention since the publication of Koloman von Kenessey's report on the subject in 1874. Eugen von Kvassay was in that year despatched by the Minister of Agriculture, Industry, and Commerce, to investigate the question in foreign countries. In 1877-78, after his return, Kvassay travelled through Hungary, and so far aroused public opinion that in 1879 a sum of 10,000 florins was granted by the State to be devoted to schemes for the improvement of the soil. By this means the Bureau of Agricultural Engineering was established, and an agricultural school of drainage and irrigation was also opened.

So beneficial has the work of these institutions proved, that since 1890 a grant for the support of agricultural engineers, and the School of Drainage and Irrigation has formed a special heading in the State Estimates; and in the year 1900 there were fifteen bureaux of agricultural engineering in the country. The work done by the agricultural engineer has been chiefly that of drainage and reclamation of land. It is stated in the "Essex Farmers' Visit to Hungary" that 906,500 acres have been drained by ditches, 29,900 acres by pipes,

<sup>1</sup> Labour Report, p. 175.



and 28,900 acres have been irrigated. The increased value of the reclaimed area exceeds £4,000,000, and the sum spent on reclamation a little more than £1,500,000.<sup>1</sup>

The water problem has long been a peculiar difficulty with Hungarian agriculturists. To start with, the level of the land and water in the plain of Hungary is unusual: the fall along the Valley of the Tisza is only 1 inch in 100 fathoms; in that of the Danube, through the greater part of its course through Lower Hungary, it is still less. There is a very slight slope towards the bed of these two rivers, a large part of the land between them being only 10 to 20 feet above the level of the river's bed; the highest point between them is 200 feet above that level. But that is not all. The problem is aggravated by subterranean water. In seasons of drought the land drains into the rivers, a phenomenon not peculiar to Hungary; but what is unusual is that in wet seasons the reverse takes place, and the waters of the rivers soak through their banks into the adjacent country, reappearing at a great distance off in the form of pools or swamps.<sup>2</sup>

To meet these difficulties, frequent statutes were made in the seventeenth and eighteenth centuries providing for the regulation of the waters, and schemes of drainage, embankments, irrigation, and canalization, were undertaken. The floods of 1838 and 1845 aroused and kept alive the interest of the public. In 1840 a commission was appointed to inquire into the subject, and in 1848 a credit of 2,000,000 gulden was voted by the legislature to assist schemes for the regulation of the waters. Further floods in 1867 and 1869 again brought the problem into prominence, and in 1870 a loan of 24,000,000 florins was contracted for the regulation of the course of the Danube in the capital, and quays and embankments were built. It was not, however, until 1892 that the systematic regulation of the whole course of the Danube was undertaken by the Government. In 1895 a law was passed by which an annual grant of

<sup>1</sup> Matlekovits, vol. i., pp. 399, 400.

<sup>2</sup> Patterson, vol. i., p. 87 *et seq.*

8,000,000 gulden was authorized for eighteen years, for the regulation of the rivers of the country. Although the regulation of the rivers has proved of great service to farmers, who no longer fear for their harvests, of which a certain proportion was annually destroyed by the floods, yet the gain has not been without some loss. The Csallokoz, an island in the Danube near Pressburg, which was once a veritable *jardin d'or*, has now lost much of its fertility owing to the regulation of the river, and the yield of the fisheries is no longer as great as in former times.<sup>1</sup>

The question of agricultural association was mooted in the latter part of the eighteenth century, but it was not until the formation of the racing society, on the initiation of Count Stephen Széchenyi in 1825, that the first practical steps were taken. The racing society speedily developed into the horse-breeding society, which, again, widened into the animal-breeding society, which finally, in 1835, took the title which it has preserved until the present day — The Hungarian National Agricultural Society.

Not content with practical work, the society spread agricultural knowledge by means of a paper, *The Agriculturist*, started in 1841. This organ did not survive the political disturbances of the middle of the century; but another paper took its place in 1849, and finally, in 1889, the *Koztelek* was started, and has remained the organ of the society until the present day.

In 1860 there were seven agricultural societies in existence, but after the settlement in 1867 the Hungarian Government attached great importance to the establishment of at least one agricultural society in every county. In 1880 the league of the united agricultural associations was formed, in order that the co-operation of all the societies might be secured, and annual general meetings were inaugurated. Finally, at the congress of 1896, the National League of Agricultural Societies

<sup>1</sup> Matlekovits, vol. i., pp. 400-419; Vautier, p. 223; Jekelfalussy, pp. 440, 441.

was constituted, thus realizing an aspiration long cherished by agriculturists for the formation of a national organization.<sup>1</sup>

The uneven distribution of the population, the landless condition of 77 per cent. of the peasantry, and the constant flow of emigration to America, have all contributed to turn the attention of the Government to internal colonization as a means of rectifying them, and several enactments were passed to encourage the formation of settlements in different rural districts. In statutes of 1863 and 1875 it was laid down that colonies consisting of from fifty families and upwards should be freed from taxation for six years, and colonies consisting of over ten but under fifty families should be exempt for three years. The law of 1883 authorized the Minister of Finance to take up mortgages on colonist properties to the sum of 6,800,000 florins, in the name of the State, as payment of a part of the land redemption debt of the colonies on the State domains. In 1894 a credit of 3,000,000 florins was given to the Minister of Agriculture for the purpose of forming new colonies. This sum was to form a capital fund, from which the colonists might receive advances at not more than 4 per cent., the average rate of interest on loans by local credit societies in Hungary being 7 to 8 per cent. Further, by the law of 1894, the State, private owners, and also communes, might form colonies either in order to form new parishes or to enlarge old ones. Every new settlement, however, was to have an area large enough for 150 agricultural colonists to settle upon. Settlements made to enlarge already existing communities must consist of not less than ten families, each having not less than ten joch of land.

Both the Government and also some of the great landowners have bestirred themselves in the matter. In 1902, in all, 24,127 cadastral joch were assigned by the State for colonization, of which 6,405 cadastral joch are already (1905) occupied.

<sup>1</sup> Matlekovits, vol. i., pp. 440-445.

It is noticeable that, of a list of eighty-five colonies, the great majority are on the State domains. So far as the Government purchases land, it appears that it pays too high a price for it, and sells it too cheaply to the colonists, and it is to be remembered that what is lightly won is lightly esteemed. Moreover, the experience of the land emancipation, and the subsequent sale of peasant land, goes to show that the small proprietor who is stupid and unbusinesslike soon loses his land again; for these reasons Count Mailath is in favour of a "homestead" system, by which it is to be concluded he means a system under which the land shall be inalienable, the owner having only the usufruct thereof, or that he shall be at any rate protected from the usurer.<sup>1</sup> In any case other subsidiary defences are necessary, such as the introduction of home industries, the development of insurance against the damage done by hail and fire, and also the insurance of cattle.

Of reform in the matter of taxation, and also in the administration and judicature, we shall have to speak later on. But one most important means of reform is that of technical instruction.

Although the importance of agricultural education was understood, and attempts were made to realize it, in the seventeenth and eighteenth centuries, it was not until after the settlement of 1867 that this subject received much support from the Government. At present the agricultural educational organization consists of an agricultural academy, four agricultural colleges, and eleven agricultural schools. In addition to the State institutions, there are four private agricultural schools. In connection with the academy there are a series of subsidiary institutions: (1) The station for experimenting in machinery; (2) the chemical experiment station; (3) the seed-testing station; (4) the veterinary station; (5) the meteorological station; (6) the agricultural committee. There are two grades

<sup>1</sup> Matlekovits, vol. i., pp. 427-430; Mailath, pp. 132, 153; Labour Report, p. 178.

of agricultural education: the *Ackerbauschule*, where the pupils are chiefly taught practical and necessary knowledge; and the advanced course of the institutes (*Anstalten*), in which the course lasts for three years.

In Croatia-Slavonia there are two agricultural institutions. The first is the Royal College of Agriculture and Forestry, in which there are three departments, the Central Agricultural Institute, the Forestry Department, and the Agricultural School. The two first departments train foresters and agriculturists, so as to turn out efficient men capable of managing large properties; the third trains men to become overseers (*Aussichtspersonal*). The course lasts three years. The second institution is the Royal Agricultural School of Pozsega.

For the further diffusion of agricultural knowledge the Government provides technical professors to study and advise on special products, a travelling lecturer to go round the country spreading agricultural knowledge and advising on agricultural matters, three monthly written courses of practical instruction, popular lectures on wrong methods, suggesting improvements, and model homesteads giving examples for small proprietors to follow.

Both in the case of colonization and technical instruction, the ever-recurring nationality question complicates matters and renders harmonious working difficult. In any given technical school, it is said three or four languages are spoken, and here, as in every branch of political and industrial life, the problem requires endless tact and patience if good practical results are to be secured.<sup>1</sup>

## 7. AGRICULTURAL LEGISLATION AND ADMINISTRATION.

The Land Emancipation Act of 1848 marks a turning-point in the agricultural life of Hungary. To this statute may be traced many of the difficulties of the

<sup>1</sup> Matlekovits, vol. i., pp. 451-454, 460-462; Labour Report, p. 197.

present agricultural situation, for out of the measure of freedom thus conferred there was to arise the excessive subdivision of properties, the loss of their land, or rights therein, by many of the peasants, and the creation of an agricultural proletariat with all its attendant evils, but also, be it remembered, the transformation of the Hungarian system of agriculture. By the law of 1848, privileges, services, and dues, were all alike abolished. The greatness of the changes created by this measure led to further and more precise legislation as soon as the troublous constitutional epoch of 1848 to 1867 was passed. In 1868 a statute was passed regulating the land redemption (*Grundentlastung*) and the exact compensation to be given to the landlord, and the law of 1871 settled the questions, affecting the urbarial relations, which had been left in suspense by the earlier enactments. The legislation referring to the foundation of entail (1862) has already been alluded to. The questions affecting title-deeds and the transfer of land had been much simplified by the system of land registration, which was commenced in 1885, and revised in 1886, 1891, and in 1892.

In 1894 an important law was passed, so comprehensive as almost to be equivalent to an Agricultural Code. Among the subjects which it embraced are the common pastures, cattle-rearing, public field-path trespass; while another Act of 1895 dealt with the adulteration of milk and other agricultural products.

This same period from 1868 is remarkable for the laws on colonization above referred to, which were passed in 1868, 1873, 1875, 1883, and 1894. The law relating to the cattle plague was passed in 1874, and in 1888 the law relating to veterinary questions.

The principal Acts regulating the relations between agricultural employers and employed were passed in 1876, 1898, 1899, and 1907.

The law relating to the preservation of the forests was passed in 1879. Other enactments with regard to

agricultural education and soil improvement, canals and irrigation, have been referred to above.

Since 1889 the Ministry of Agriculture has been separate from the Ministry of Commerce and Industry, and the head thereof is responsible for agricultural questions in Hungary, though his authority does not extend to Croatia-Slavonia.

The Administration of Agriculture is divided into seven sections with twenty-five subsections, and a Presiding Division through which communications are made to, and received from, Parliament. The various duties assigned to different sections and departments show the extent of State interference in agricultural affairs. Forestry, cattle-rearing, horse-breeding, veterinary questions, agricultural education, fruit-farming, phylloxera, viticulture, the questions relating to the Danube and Tisza, and a multiplicity of other subjects, claim the attention and active support of the Government.

The executive power is administered by the autonomous local administration. The counties, and the towns which have municipal rights, carry into effect by means of their local officials all regulations made by the Ministerial ordinances, as to agriculture. In this sense all municipal organs are also executive organs of the Ministry of Agriculture. The Ministry, however, communicates the orders to the local authority, not to the actual officials. All legislation now aims at bringing the Ministry and the autonomous administrative officials into organic connection. In many branches of agriculture the executive power is in the hands of special officials. Legal questions relating to forestry are subject to a reference to a subcommittee, from which an appeal may be made to the Minister of Agriculture. Again, the State studs and the State agricultural reports are subject to a special administrative authority. There are also special authorities for viticulture, the water system, soil improvement, and so on. The technical councils, such as the agricultural engineers and the, National Phylloxera Commission, etc., have

the right of initiative, and are only loosely connected with the Ministry of Agriculture.<sup>1</sup>

The Ministry of Agriculture established a special national bank for agricultural labourers and servants under the law of 1900. Further, the Act of 1900 established a national institute which includes all labour, male and female, engaged in agriculture. It is not based upon compulsory assurance. The Sick Aid Fund gives gratuitous medical attendance, medicine, and surgical appliances, in case of accidents, and compensation in case of death, or disablement, or temporary disablement, according to the class of membership to which the worker belongs.

On the whole, one may say that the Hungarian Government is fully alive to the needs of agriculture in the country, from a legislative and administrative point of view, and the measures at present are carried out without any excessive centralization, full scope being given to local authority. More energy is perhaps required by both central and local authorities in carrying out the designs of the legislature. More enthusiasm is also undoubtedly wanted for the promotion of such beneficent movements as those initiated by the late Count Alexander Karolyi for co-operative and other similar associations, to bring all classes of the agricultural community into closer touch and greater harmony one with the other.

The lead in this matter must come more definitely from the heads of the great families, and that lead when given must be followed with patience and endurance by the cadets of those families, and the local gentry, who now stand somewhat aloof therefrom. Looking back over the century which is passed, it cannot be said that, as far as the Magyars are alone concerned, the blame can be exclusively laid either on nobles or peasants. From 1790 to 1848 there is no doubt that the nobility did apply themselves to the problem of "reconciling the claims of liberty and equity," and that these endeavours

<sup>1</sup> Matlekovits, vol. i., pp. 509-515.



may challenge comparison with the conduct of any other aristocracy in the world in this respect.

It is no doubt true to say of them that they worked to make all nobles, while in Austria the leaders desired to make all peasants. But no sooner was the solution attained than political troubles supervened. The abolition of the nobles' exemption from military service, from direct taxation, and the privilege of holding the land, did not, therefore, secure to the peasants as much good as might have been expected. Not only so, but the taxation which the peasant had to pay in 1864 was double at least of what he would have had to pay in 1848, and the burden has not become lighter with time. During the period from 1864 to that of the strikes in the nineties, the nobles were, with some exceptions, largely indifferent to the welfare of the lower classes of the population. During the strikes owing to the inflammatory utterances of the strike leaders, the communistic and anarchistic proposals made by them, and the acts of violence which followed, this indifference was not unnaturally exchanged for a bitter feeling, though this did not prevent the nobles from supporting measures for the redress of certain grievances.

If the Magyar noble is not wholly to blame, neither can one altogether blame the peasant. As we have seen, he was unable to rise to the situation in the years which succeeded 1848, and the ruin of the noble families, as a consequence of the political troubles, deprived him of what should have been a source of advice and help; but it is too much to say that he is averse to work, or that his "Oriental nature" disinclines him from hard exertion in town or country, either in the mines or the dock, or at agriculture.

At his best the Magyar peasant is characterized by independence and self-respect; at his worst he has an overweening confidence in himself and contempt of others: one of his salient characteristics is his dislike for petty trade. The result is that in almost every Magyar village the shopkeeper is a Jew or a German, upon

whom the Magyar looks down with supreme disdain. It is this temperament to be found in Magyars of all classes, coupled with the want of active leadership by the noble families and the gentry, and the want of education of a practical kind in modern methods of co-operative as well as of technical agriculture on the part of the peasant, that have, combined with present economic factors, given socialist leaders their chance.

The nobility and gentry of the county have still time to assert themselves, as the natural leaders of the people ; but the sands are running out, and if anything is to be done it must be with sustained energy, and not merely with a temporary zeal aroused by the danger of a general strike.

As far as agriculture is concerned, it is not so much legislation or administration that is wanted, as a new spirit of conciliation and co-operation. "I may sum up by saying that I think that, in horse and perhaps in cattle breeding, Hungary is in advance of England, but that in the cultivation of the soil they are many years behind. . . . If peace could be secured, there would be a grand opportunity for the investment of capital in farming in Hungary, but under the present political conditions I should be afraid to lay out my money in that country."<sup>1</sup>

<sup>1</sup> Patterson, vol. i., pp. 66, 85 ; "Essex Farmers' Visit to Hungary," p. 123.

## CHAPTER VIII

### HUNGARIAN INDUSTRY

1. **HISTORICAL SKETCH :** Statistics of Industrial Population—Industrial Legislation.
2. **ORGANIZATION OF INDUSTRY :** The State Chambers of Commerce—Industrial Guilds—Labour Organizations—Socialism—Strikes : their Prevention and Settlement.
3. **SPECIAL INDUSTRIES :** Mines — Iron — Metals — Wood — Salt — Leather—Potteries — Glass — Chemicals — Tobacco — Food and Drink — Beer — Spirits—Sugar—Textiles.
4. **INSPECTION.**
5. **EMPLOYERS' LIABILITY AND ACCIDENT INSURANCE :** Sick and Accident Insurance Law of 1907.
6. **STANDARD OF COMFORT :** Hours of Labour—Housing—Wages—Railway Zones—Poor Law—Savings Banks.
7. **TECHNICAL EDUCATION ; INDUSTRIAL COUNCIL.**

#### 1. HISTORICAL SKETCH.

It is not yet half a century since Hungary entered the field of manufacturing on a large scale. Some time before the settlement the Hungarians realized that the day of the hand-worker as the producer of the common necessities of life was practically over, and that the victory of the manufacturer, backed by his superior inventiveness, his larger capital, and the greater variety and cheapness of his goods, was only a matter of time.

The beneficial effects of the settlement of 1867 were soon felt by the struggling industry of Hungary. The improvement in the finances and the extension of the railway system attracted foreign capitalists to invest in Hungarian enterprises, and a large number of new undertakings were founded. The industry thus hopefully inaugurated was soon to suffer a severe strain. The financial crisis of 1873, the point of departure, if

not the cause of the protective policy then very generally adopted, brought Hungary face to face with a formidable rival at the very moment when her infant industries most needed assistance. As the other countries raised barriers against foreign competition, Austria poured her goods into Hungary. Loud protests were made against the Customs Union, but it was nevertheless maintained and a less radical remedy sought. By the law of 1881 certain industrial enterprises were exempted from taxation until 1895, and in 1887 the same privilege was extended to mining.

Thanks to these measures the crisis was tided over, so that by the year 1890 110 new establishments had been founded, while 375 old undertakings had been enlarged and reorganized. In that year the Government extended the privileges granted in 1881 in favour of industrial enterprise managed on modern lines, for a period not exceeding fifteen years from the foundation of the same, for the manufacture of articles not yet produced in the country, and to certain specified manufactures, in so far as such are made for export, and amongst them sausages, smoked and salted meat, china, tiles, silk, metals, artificial manure, alcohol, etc.<sup>1</sup>

From the date of the industrial crisis until the present day (1908), the efforts of the Government and financial institutions have been determined and strenuous. Thanks in part to a large measure of State interference, to the subsidizing of some young industries and the exemption of others from taxation for a term of years, considerable results have been obtained. The present condition of industry in Hungary is steadily improving, and a policy of greater development is being actively pursued.<sup>2</sup> (The rise in the price of landed property and building sites, and the increase of deposits in the savings banks (£129,660,000 in 1905 to £187,500,000 in 1906), show that Hungary is prospering; but, in spite of the progress made, the fact remains "that in the

<sup>1</sup> Jekelfalussy, pp. 513, 514; Vautier, pp. 306, 307.

<sup>2</sup> *Board of Trade Journal*, January 31, 1907.

industrial sphere Hungary is still largely a country of small industries, that industry as a whole is still very undeveloped, incapable of covering the home demand in the vast majority of its branches ; while the economic strength of the country is to be found in its agricultural and mineral resources."<sup>1</sup>)

The policy of the Government is exemplified by M. Kossuth's Industry Encouragement Act, which came into force on January 1, 1907. That law provides that for a term of fifteen years new industrial enterprises in Hungary shall receive the following privileges, provided these enterprises manufacture articles hitherto not manufactured, or insufficiently manufactured, in Hungary : Exemption from the taxes on industrial and mining shares, and from the communal and provincial rates ; exemption from the duties usually exacted for the purchase of land, buildings, and machines ; exemption from the stamp duties and from the dues payable on the conversion of an enterprise into a limited liability company ; exemption from contract duties, from the road construction rates, and tolls ; exemption of industrial buildings from the inhabited house tax, etc. The Government may further subsidize desirable enterprises.

M. Kossuth's Act introduces no new principle, but merely expands the system hitherto in force, and the Government contemplates pushing the subsidy to great lengths, though doubts are expressed by its supporters in the Press, as to whether success corresponding to expenditure is probable.<sup>2</sup> The industrial statistics show the comparative insignificance of industry as compared to rural pursuits. (In 1900 only 12·8 per cent. of the active population were engaged in industry in Hungary, including Croatia-Slavonia. Small though this proportion is, it nevertheless marks a great advance in industrialism as compared with former decades. Matlekovits calculates that the population employed in industry increased 125 per cent. between 1857 and 1890.)

As in other countries, so in Hungary the industrial

<sup>1</sup> Labour Report, pp. 155, 184.

<sup>2</sup> Times, November 26, 1906.

population is chiefly represented in the towns, and particularly in Buda-Pest. A noteworthy feature of the statistics is the comparatively small proportion of women engaged in industry. In 1890 only 14·76 of the whole industrial population of Hungary were women, while the proportion was 25·23 per cent. in England, and in Italy ran as high as 46·21 per cent.<sup>1</sup>

Earlier industrial legislation for the protection of the workers, as distinct from mining and agricultural legislation, was from the nature of Hungarian industry calculated to meet the requirements of handicraftsmen and assistants of small employers, and the law still retains many of its old features.<sup>2</sup>

No national industrial law may be said to have existed in Hungary until 1872. Before that date there was only the Guild Law, which was systematized in 1813, and the Austrian Industrial Law, introduced in 1859, though M. Kossuth has laid stress on the fact that the first Hungarian Factories Act was passed in 1840, dealing with child labour, and making rules for the weekly payment of wages, etc.<sup>3</sup>

The law of 1872, although attacked vigorously on all sides, and especially by the small employer, is nevertheless the basis on which all later legislation in the interests of the working classes has been developed. The law deals with the industrial apprentices, but does not apply to workers in raw materials—*e.g.*, agriculture, forestry, horse-breeding—nor to miners and blast-furnace men; nor, again, to unskilled workers, or those engaged in the State monopolies, or transport industries and shipping. Regulations are made as to wages, hours, treatment in sickness or accident, but especially with regard to fines and deductions and payment in kind, so much so that this last has been coupled with the subsequent Act of 1884 by M. Kossuth as a parallel to the English Truck Acts.

<sup>1</sup> Matlekovits, vol. ii., pp. 4, 5; "Statesman's Year-Book," 1908, p. 772.

<sup>2</sup> Royal Commission on Labour Report, p. 156.

<sup>3</sup> "Hungary: its Peoples, Places, and Politics," pp. 132, 133.

Further provision was made by the Act of 1872 for factory inspection, a provision which remained a dead letter for many years after this date.

During the years following, an active agitation was maintained against the Act of 1872, so that the Government was forced to legislate again, and in 1884 a law was passed which introduced a final distinction between handicrafts and factory industry. This law derived special importance from the fact that it buttressed the employer of handicraftsmen by the institution of industrial guilds. M. Kossuth, in his speech to the Eighty Club (1906), laid special stress on the provisions of the Act of 1884, which protects female labour and exempts women from their work for the term of four weeks after their confinement, without affecting the labour contract; and, further, on the provision therein made for arbitration between employer and employed, in all cases of labour disputes, for which purpose a board of arbitration is instituted.<sup>1</sup> According to Professor Földes, of all future legislative reform, that of the Workmen's Employment Act, coupled with an arbitration and conciliation Act, is now the most important. In 1891 a law was passed making provision for such insurance, and in 1898 a law to provide for Sunday rest.

The latter enactment lays down that all industrial work must cease between 6 a.m. on Sunday and 6 a.m. on Monday, and also upon St. Stephen's Day, the national holiday. It has, however, only a limited application, for, in the first place, it does not affect agriculture, in which the great majority of the population is engaged; while even among the limited class which it includes, so many exceptions are made by the Minister of Commerce that activity in all branches except the transport of goods was said to be as great on Sunday as on weekdays. Theatres and museums are invariably open, and many shops are at work for half the day. "The question of Sunday rest is one which is at present

<sup>1</sup> Labour Report, pp. 157, 158; "Eighty Club Speech of M. Kossuth," pp. 135, 136.

engaging the attention of shop-assistants who insist upon the universal adoption of the principle."<sup>1</sup> Although the subject of Sunday rest was again dealt with by Ministerial ordinance in 1908, by which the regulations were qualified and the exceptions permissible were enumerated, yet the question is still unsettled.<sup>2</sup> Kosuth, writing early in 1909, however, gives promise of legislation; to use his own words: "A new and more extended regulation of Sunday rest is on the cards."

## 2. THE ORGANIZATION OF INDUSTRY.

(The industrial legislation of Hungary in the nineteenth century reflects the phase through which the organization of industry has passed. In 1867 the organization of industrial relations formed after the German model, and in accordance with the Liberal tendencies prevalent in Europe at that time, was on the basis of *laissez-faire*. The law of 1872 completed the inauguration of the new régime of industrial freedom.)

The excessive competition which ensued from the liberty thus conferred upon all to ply a trade without the regular apprenticeship drew, as we have seen, indignant protests from the small employer; and in 1884 industrial freedom was modified by the institution of industrial corporations which are, in fact, modernized guilds. A distinction was introduced between small industry, or handicrafts, and large industries, or factories. In the former a certificate of competence was required, involving a shorter or longer period of apprenticeship, and for this purpose small employers were associated in industrial guilds or corporations, with a certain authoritative character. The certificate of competence must be distinguished from the special licence required by pawnbrokers, chimney-sweeps, publicans, manufacturers of explosives, and others. Immediately after the law of 1884 came into force (*i.e.*, in 1885), seventy-five

<sup>1</sup> "Visit of the Eighty Club," p. 140; Labour Report, p. 159.

<sup>2</sup> "The Hungary of To-day," p. 252.



industrial guilds were formed, and in 1896 there were 305, of which twenty-one were in Buda-Pest.<sup>1</sup>

Chambers of commerce and industry occupy a very important position in Hungary. They not only report on the economic condition of their several districts every five years, but they advise the Minister of Industry and Commerce when draft Bills are prepared on subjects touching industry and commerce, and he relies to a very great extent upon their information and opinion in all practical questions relating to his department. In 1891 the Buda-Pest chamber gave advice in its official character on questions so varied and of such importance as the Customs relations with Roumania, Italy, Switzerland, Servia, Spain; the regulation of the Sick Insurance Fund; and whether the miller's industry should be included amongst the small trades wherein a special certificate of competence is required.<sup>2</sup>

The position of these chambers of commerce was defined and established by a law of 1868, while under the laws of 1890 twenty of them were instituted to exercise a direct control over manufacturing and commercial interests in the districts allotted to them. The most important are those established in Buda-Pest, Pressburg (Pozsony), Szeged, Arad, and Kolosvar (Klausenburg). Among the functions of the chambers of commerce is the right to sanction or refuse the establishment of the guilds or corporations instituted by the law of 1884, which involved a certain reaction in the direction of the old guild system. In any locality, town, or country district, where the number of employers of artisans working in small industries is not less than 100, an industrial guild may be established if two-thirds of the employers demand it, and after the approval of the competent chamber of commerce and the consent of the municipality has been obtained. In districts where the number of such employers is less than 100, a guild may be formed with the sanction of the Minister of Commerce

<sup>1</sup> Matlekovits, vol. ii., pp. 8, 11, 12, 18; Labour Report, p. 158.

<sup>2</sup> Labour Report, pp. 160, 161; Jekelfalusy, p. 517.

after a memorial has been presented by the chamber of commerce with the consent of the municipality. In the capital the guilds are formed by the several branches and groups of small industries; in county towns or communes all the branches are united in one association. When the guild is formed, all industrial employers are *ipso facto* members, and bound to pay the fees, which amount usually to £1 per annum.<sup>1</sup>

The object of these guilds is to maintain good relations and provide conciliation in case of friction between masters, assistants, and apprentices; to assist in the application of the law with regard to apprentices; and to establish relief funds, which are not to be devoted to the support of labour movements or strikes.

Regret is expressed in the report of the chambers of commerce that the sphere of operation and the growth of the guilds is not as great as might be desired, yet they state that the progress is on the whole satisfactory; besides, it is to be remembered, from the point of view of the organization of industry, that, if many of the guilds are very small, there exists side by side with these legally created institutions a spontaneous form of association which is older, and often more popular.

Further, the latest reports show that the guilds are gaining ground. In 1900 forty new corporations were formed, and ten old corporations were reorganized. In 1905, at the Seventh National Congress, it was agreed to create a National Union of Industrial Corporations; the statutes of this union have now been duly ratified.<sup>2</sup>

The difficulties of industrial organization in Hungary are peculiar, and are due to the special circumstances of the country. In 1890, at the Austro-Hungarian congress of file-cutters, one of the Hungarian delegates complained that there was great difficulty in forming strong labour organizations on account of the variety of languages spoken. Next to the language and racial

<sup>1</sup> Vautier, pp. 309, 310; Labour Report, p. 161; Matlekovits, vol. ii., p. 16.

<sup>2</sup> Labour Report, pp. 161, 162; "Pester Lloyd Jahrbuch," 1905, pp. 178, 179.

difficulty there is the fact that the all-pervading State is the largest employer, while the non-existence of a large body of skilled workmen tends to retard labour organization.

Germans and Magyars hold aloof from trade unions. The unskilled, backward, and unambitious Slovak or Rouman is content to work for a modest wage, aspiring to no better conditions than those which he at present enjoys. Combinations among workmen are carefully watched and registered, and often hindered in formation. The employé is very much at the mercy of the employer, in spite of industrial laws, which may be safely said to remain to a great extent a dead letter.

It cannot, however, be said that the majority of the employers are otherwise than fairly considerate in their actual business relations with the men.

The formation of trade unions is regulated by the Administration Order of 1875. The unions may not have composite aims. National unions may only be literary or scientific. The draft statutes have to be submitted to the administrative authorities for approval. Since 1889 the working classes had been organized, though imperfectly, from a labour point of view.<sup>1</sup>

In 1904 the total number of trade unions was forty-five, while in 1905 the number dropped to forty. The membership, however, rose in the same years from 53,169 to 71,178. By far the wealthiest of the unions appear to be the six belonging to the printing trade (generally a leader in such matters), only one of which makes a return of its membership. These six expended in 1905 £2,921 in unemployed benefit, £1,050 in travelling benefit, and had £23,472 funds in hand. The next wealthiest are the six unions in the building trade, which had in 1905 a membership of 24,876, spent £144 in unemployed benefit, £35 on travelling benefit, and had £8,922 in hand. The three unions in the metal trades had a membership of 14,477, expended £2,677 on unemployed benefit, £300 on travelling

<sup>1</sup> Royal Commission on Labour Report, pp. 160-163.

benefit, and had £1,962 in hand. There were eight unions in the clothing trades, with a membership of 7,181, which expended £548 in unemployed benefit, £80 in travelling benefit, and had £1,642 in hand. The two unions in the wood-working trade, with a membership of 9,683, expended £519 on unemployed benefit, £169 on travelling benefit, and had £926 in hand.

The income of the different unions is not given for 1905, but in 1904 the printing trades, with a slightly smaller membership of 2,759, had an income of £34,864, and £19,355 in hand on December 31.<sup>1</sup> The funds in hand belonging to the unions at the end of the year represented rather less than half their total income. There was only one miners' union, the membership of which rose from 75 in 1904 to 1,382 in 1905, but its income appears to be practically nil.

In 1890 and 1892 congresses were held at which questions of wages and hours were raised, and the question of opposing a strong labour organization to the growing organization of employers was urged. At the congress of 1892 the Hungarian delegates declared without reserve for a joint organization with Austria. Several new efforts at organization were recorded in 1893, but in that year the union of book-printers and type-founders was dissolved by the Minister of the Interior on the petition of the master-printers, on the ground that a considerable loan had illegally been made to a strike committee. In 1894 there were attempts at combination, resulting, as in 1893, in strikes and petitions for suffrage reform, complete religious freedom, and so forth.<sup>2</sup>

From this date socialism, which had first taken root in 1867, and had been of comparatively small importance up till the nineties, developed and became a great power. If the trade unions were clamouring for a change in the suffrage law, the socialists had already

<sup>1</sup> Board of Trade Second Abstract of Foreign Labour Statistics, pp. 207, 208; Third Abstract, p. 177.

<sup>2</sup> Royal Commission on Labour Report, pp. 163, 164.

been for almost a decade agitating for universal suffrage as well as land nationalization and the abolition of the wage system. But neither socialists nor industrialists could enforce their demands. It was only when the agricultural labourers really took the agitation up that the State became alarmed, and began to consider some of the questions, such as sick and accident insurance, and the revision of the industrial laws, which had long been inscribed on the socialist programme.

The only important institution founded by the State between 1895 and 1903 was a labour registry (*Arbeitervermittlungsinstitut*), opened in 1899, which has done excellent work. Strikes, which were rare before 1893, began to increase after that date. In 1893 there were thirteen strikes in all, and six in the capital. The weapon factory strike at Buda-Pest is worthy of note as the most important industrial strike that had yet taken place in Hungary. There were between 1,500 and 1,600 strikers, and the grievance was not, as usually, either hours or wages, but "the unparalleled brutality with which the workers had been treated."

The strike failed owing to the absolute want of organization of the workmen and the pressure brought to bear by the Government authorities. Another great strike in 1893 was that of 2,700 coal-miners at Pecs, the chief grievance being the unreasonable fines and deductions, and the fact that "an infamous truck system" prevailed. The result in this case was that small concessions were granted; generally, it may be said that in this year the large strikes failed, and that only in the small ones were the men successful. In 1897-98 there were nineteen strikes, of which fifteen were successful. In 1901 there was one strike involving 400 men, the object of which was to obtain the legally fixed interval in the working day. The number and the importance of the strikes forced the Government to take the matter up, and in 1902 a Commission of Conciliation, of the same nature as the Committee of Conciliation which had already existed for some years in

connection with the guilds, was appointed to settle differences between employers and employed amicably.<sup>1</sup>

The "Pester Lloyd Jahrbuch" for 1903 gives a striking account of the conciliatory attitude of the Government towards the work-people, and the strong position taken up by the labour party. Not only did the Minister of the Interior annul the sentence passed on the leader of the Győr strike, but the Minister of Trade and Industry assented to a regulation that "in case of a strike or lock-out the labour registry (*Arbeitsvermittlungsinstitut*) shall supply the establishment in question with no work-people"; and, further, that no workmen are to be supplied to employers who refuse to give the minimum wage.

This democratic policy, however, met with discouraging results, and in 1904 severer measures were taken; apprentices were forbidden to take part in strikes, and in April, 1905, an ordinance was issued under which "strikes are to be treated as *vis major*." In these two years strikes affected industry to such an alarming degree that the grievances and demands of the working classes began to claim the most serious attention of the State, which saw itself confronted not only with the dangers to be feared from a socialist and discontented population, but also with the decrease which emigration is likely to effect in the scanty numbers which are already very largely unemployed.<sup>2</sup>

### 8. SPECIAL INDUSTRIES.

Hungarian industry is divided into three distinct branches: Factory industry, small industry, and home industry. The first may be said to be flourishing and developing, and that to some extent at the expense of the small industries, which show a growing depression; while the home industries are really subsidiary occupa-

<sup>1</sup> Matlekovits, vol. ii., pp. 340-345, 363, 364; Bunzel, pp. 93, 115, 116; Labour Report, pp. 166, 167; Deutsch, "Rückblicke," 1904, p. 159.

<sup>2</sup> "Pester Lloyd Jahrbuch," 1903, pp. 192-194, 270, 271; Deutsch, "Rückblicke," 1904, p. 159; "Pester Lloyd Jahrbuch," 1905, p. 187.

tions, in the main encouraged to employ the agricultural and day-labourer population when out of work.

The year-books of the Pester Lloyd record the devotion, if not the wisdom, of the State in encouraging the less successful forms of industry by means of grants, subsidies, the erection of artisans' schools, and arrangements to obtain employment through the medium of these schools. Although the excessive activity of the Government resulted in an over-production of home commodities, and a consequent reaction against home industry, yet industries of the textile group, basket-making, and especially pottery, are still to a great extent carried on by this means. In 1908 much industry was being carried on in the homes of the people. For the development of home industry, Act III. of 1907 is now in force. This Act, in the view of the writer in the "Hungary of To-day,"<sup>1</sup> is destined to open a new era for Hungary industry.

The law enables the Government to offer concessions, taking all the circumstances of the particular case into consideration, and in accordance with real industrial needs.

The check on this discretionary power is the report which the Minister of Commerce must make every year to Parliament, of the concessions and grants which have been given.

Carpets are woven in South Hungary, finer linen is manufactured among the Serbs; the Slovaks embroider linen in the communes round Kolosvar; and hat-making continues to be fairly flourishing in Transylvania. In 1900, 1,127,780 persons, or 12·8 per cent. of the earning population, were employed in industry. They were distributed as follows: Clothing, 281,320; building, 125,070; wood and bone, 95,828; iron and metals, 128,205; food-stuffs, 143,733; textile industries, 34,156; leather and skins, 16,596; machinery, 72,428; earthenware and glass, 44,887; chemical products, 14,494.

Although mining does not take the foremost place

<sup>1</sup> "Hungary of To-day," pp. 54, 55.

among the various branches of industry, yet its history, its special conditions, its law, and, as will be seen, the superior organization of its friendly societies, make it an industry apart and of peculiar interest. Mining is by far the oldest industry on a large scale in Hungary, dating back to Roman times. Throughout the intervening ages, until the nineteenth century, "the classic country of mining" has never ceased to exploit its mineral treasures to a certain extent. But from the date of the settlement the mining industry has shared in the vigorous development which affected every branch of national life. In fact, as industry has developed, iron and fuel have been more and more in demand; only the workmen are wanting. "Le trésor existe il ne manque que le chercheur."

(The total products of the mining industry in 1900 were valued at 56,037,000 crowns; of these, pig-iron claimed 37,772,600, gold 10,721,600, silver 2,306,200, coal briquettes 1,157,800, lead 836,600, iron pyrites 727,700, antimony ore 188,600, antimony crude and antimony regular 612,800, copper 260,500.) The precious metals, copper, lead, and antimony, are chiefly found in Siebenburg, Nagy-Bánya, and Upper Hungary.<sup>1</sup> Gold production has steadily increased since 1873, and particularly since 1888, on account of the great undertakings in the county of Hunyad; lead production increased as much as 80 per cent. between 1886 and 1900, but does not cover the home demand. Copper, and with copper mercury, has declined greatly, owing to American competition. Silver also shows a fall, which has continued since 1860, with a slight improvement in the nineties. Quicksilver, nickel, and zinc, are also produced in Hungary, but only to a very small extent. Among the largest of the gold-mining companies is the Society of the Gold-Mines of the Twelve Apostles at Ruda.

<sup>1</sup> Déry, "Les Charbonnages Hongrois" (for Paris Exhibition, 1900), p. 39; Sztérenyi, "Protection légale des Travailleurs," p. 30; Remenyik, "Les Mines de Métaux de Hongrie" (for Paris Exhibition, 1900), p. 1; Labour Report, p. 185; "Statesman's Year-Book," 1908, pp. 772, 773; "Pester Lloyd Jahrbuch," 1903, pp. 4, 5, 16; Matlekovits, vol. ii., pp. 386, 387.



Silver, lead, and copper, are mined together. The chief mining enterprise in this branch, which is at Selmeczbánya, is in the hands of the State. Metal-smelting is undertaken almost entirely by the State, the other enterprises being insignificant; indeed, in 1899 only five out of seventeen were not entirely State works.<sup>1</sup>

The iron production of Hungary is one of the most ancient, and to-day one of the most important branches of mining. Iron ore is of good quality in Hungary, containing 34·40 to 63·93 per cent. of iron, and it is found chiefly on the north, north-east, east, south, and south-east, in beds running from the foot of the Carpathians.

The centre of the iron-mining is in County Gömör, and the iron district stretches into the neighbouring counties of Zólyom, Abauj-Torna, and Szepes. The production of iron ore has increased greatly since 1893. The area now occupied by iron-mines is 17·66 per cent. of the territory given up to mining, 17·4 per cent. of the miners are occupied in iron-mines, and 9·58 are occupied in iron-mines and forges (blast-furnaces). Here, again, the State is the largest owner, although Count Geza Andrássy has an important property in County Gömör.<sup>2</sup>

In 1902, after a struggle of two years, a giant combination was formed which absorbs every iron-working concern in the country. The agreement is to last ten years, and the Trust is in a position to shut out all competition; while the liberal policy of the Hungarian Government in encouraging new industries financially tends to favour the iron combination, as its protective spirit leads to legislation which tends to exclude foreign competition.<sup>3</sup>

The chief iron-smelting enterprises are those of Count Geza Andrássy and the Rimamurány-Salgótarjánér Iron Works Joint Stock Company. Smelting has advanced

<sup>1</sup> Matlekovits, vol. i., pp. 534-540; Remenyik, p. 37.

<sup>2</sup> Matlekovits, vol. i., p. 562, 565; Edvi-illés, "L'Industrie des Mines de Fer et Hauts Fourneaux de Hongrie (for Paris Exhibition, 1900)," pp. 36, 44-61; Vautier, p. 335.

<sup>3</sup> *Board of Trade Journal*, July 31, 1902.

not only from a technical, but also from a quantitative, point of view in Hungary. The number of furnaces has decreased, but this is due to the new method of smelting a larger quantity in larger furnaces. The money value of cast-iron produced rose from 710,353 florins in 1867 to 1,593,000 florins in 1897. The quantity of roheisen (pig-iron) rose 88 per cent. between 1863 and 1897.

The development of the railway system has favoured the rise of the iron industry, and the manufacture of machinery has greatly developed in recent years, particularly that of agricultural machinery. In this, as in almost every other case, Hungary does not cover the home demand: it is the exception where the native industry covers its home market. Coal-mining is an industry of mushroom growth. Fifty years ago, before the industrial revolution had made itself felt, and the railways had brought Hungary into touch with the outer world, coal-mining was little developed. Forest owners had fuel in abundance, and small local industries were supplied without difficulty.

To-day Hungarians have awakened to the value of their coal-fields, and the coal industry would be more fully developed were it not for the difficulty of getting labour. Mines, capital, and initiative, are all to be found, but there is an extreme dislike evinced to this form of work even among the Slovaks.<sup>1</sup>

In pit coal Hungary is comparatively poor, but she has rich beds of lignite or brown coal (*i.e.*, coal retaining the texture of wood); here, again, the supply falls far short of the demand, and the import of both pit coal and lignite is large.<sup>2</sup>

The value of the coal production rose from 4.6 million crowns in 1867 to 41.68 million crowns in 1898. Half the pit coal imported comes from Austria, a large quantity comes from Germany, and a smaller quantity from England. In 1890, 80 per cent. of the coal used

<sup>1</sup> Matlekovits, vol. i., p. 524; Vautier, p. 340; Labour Report, p. 168.

<sup>2</sup> Matlekovits, vol. i., p. 594.

was of home production, and 20 per cent. imported. At the present time from 80 to 85 per cent. of the coke consumed in Hungary is imported. The chief pit coal districts are in the counties of Baranya, Tolna, Krassó-Szörény; while lignite is found in Nógrád, Borsod, Hunyad, and many other places. The great pits at Pecs are managed by the Danube Steamship Company, employing 1,472 miners.<sup>1</sup>)

Rock-salt mining is entirely worked by the State, rock-salt being found in enormous, "one might almost say inexhaustible," quantities, especially in Transylvania, yet the production is much less than in many European countries. The salt monopoly is very profitable to the Government, yielding 12,871,000 florins in 1880 and 13,207,000 florins in 1897.<sup>2</sup>

The mining industry was for many centuries without any fixed code. Proposals were made in the seventeenth and eighteenth centuries in this direction, but it was not until 1854 that the mining law was codified for Austria. The Austrian code was imposed upon Hungary in violation of the constitution, but it answered the requirements of the period so well that it is still in force, with some modifications. Bills were prepared in 1870, 1872, 1875, 1884, and 1890, but they have never even reached the stage of being discussed in Parliament, and we are still told that "the creation of a Hungarian mining law is reserved for the near future."

The miners stand apart from other industrial workers not only in being exempt from the industrial law of 1884, but also in the special position given by the mining law to their friendly societies—the miners' mutual aid societies. These associations, which are dealt with below, are interesting from the most effectual assistance which they give to miners, and also as the pioneers of the friendly societies of Hungary.<sup>3</sup>

<sup>1</sup> Déry, "Les Charbonnages Hongrois," p. 39; Matlekovits, vol. i., pp. 588, 589, 595.

<sup>2</sup> Remenyik, "Les Mines de Métaux de Hongrie," pp. 142, 143.

<sup>3</sup> Labour Report, p. 169; Déry, p. 8; Sztérenyi, "Protection légale des Travailleurs," p. 32.

The extensive forest-lands of Hungary contain (as we have seen) a great variety of wood, and afford the material for many industries. The oak is very valuable; black and white firs give beautiful building material; beech, pine, chestnut, and acacia, as well as ash, elm, maple, nut, and lime trees, abound. Oak-trees are comparatively deficient owing to the reckless destruction of the forests and their conversion into pasture-land, but the exhausted tracts are being reafforested, and seedlings are every year distributed gratuitously to forest proprietors. The utilization of timber was not very extensive before 1850, owing to the lack of adequate means of communication and transport. The new era in forestry commenced with the forest law of 1879.<sup>1</sup>

The commercial development, the increase of the means of communication, and also of the building and the cabinet trades, gave a great impetus to the wood industry. The demand for planks, staves, railway-sleepers, and rafts increased. Carpenter's and joiner's work has also developed largely, and coopering is still a flourishing industry in spite of the phylloxera, which lessened the wine production. In fact, the wood trade of Hungary has still to make considerable advance before it can cover the home demand, which is ever increasing with the growth of luxury. Parquetry factories, billiard-table factories, toy factories, match-box factories, have sprung up. There is also the wicker-work industry, which is a home industry in Hungary, although the finer articles of its manufacture are more and more imported from foreign countries. It should be observed, in passing, that wages in the basket-making trade show a tendency to fall owing to the competition of prison and penitentiary work.<sup>2</sup>

Bootmaking, the most important branch of the leather trade, and properly included among the clothing industries, may be considered a dying industry in Hungary. Only in remote districts does the shoe-

<sup>1</sup> Foreign Office Trade Report, No. 1,975, "Austria-Hungary," 1896.

<sup>2</sup> Matlekovits, vol. ii., pp. 211-219; Labour Report, p. 188.

maker still ply his trade. In the shops Austrian shoes are sold almost exclusively, while the small native shoe factories depend largely upon the army demand. In the provinces the Hungarian bootmaker still continues to hawk his goods from fair to fair, but even in the provinces his coarse wares are unpopular.<sup>1</sup>

The ceramic and pottery industries of Hungary, which are, it is true, behind those of Austria in workmanship and technique, have nevertheless a certain special character. The pipes made in red clay are a speciality of Hungary, while the fine faience factories of Buda-Pest and Pecs have a widespread reputation for originality of form and fineness of design. Owing to the greed of the owners of the clay-pits, who demand a price "which could not be exacted in any other country for the very best material," Hungarian pottery managers find it cheaper to import the raw material from Austria, although it is to be had in large quantities at home. Nevertheless, the amount of raw material available, and the facilities for obtaining fuel with which to bake the clay, have contributed to spread the pottery industry in Hungary, and there has been a recent development thereof in earthenware, crockery, majolica, and porcelain articles.<sup>2</sup>

The glass industry is of old standing in Hungary. In old days the great woodlands offered plentiful fuel, and the proprietors gladly cut down the woods, otherwise an unprofitable possession, for the price the glass-makers were willing to pay. With the railway extension, which raised the price of wood, and the forest law, which restrained reckless exploitation, the glass industry underwent a period of depression, from which it revived, in great measure owing to State protection, in 1881, but the supply does not now equal the demand of the home market.<sup>3</sup>

The tile industry began to develop from the date of

<sup>1</sup> Matlekovits, vol. ii., pp. 233-235, 280; Labour Report, p. 188; Vautier, p. 356.

<sup>2</sup> Labour Report, p. 187; Vautier, p. 359; Matlekovits, vol. ii., pp. 144-148.

<sup>3</sup> Matlekovits, vol. ii., pp. 151, 152.

the great floods, which in 1838 partly destroyed Buda-Pest, and after 1867 it became a large factory industry in which the newest methods in machinery were employed. As cheap water-carriage is necessary, there are many factories along the banks of the Danube, but trade with Vienna is prevented by the fact that it requires steam-power to make boats go up the Danube against the stream.<sup>1</sup>

The chemical industry is divided into numerous branches, which work with varying extent and success, but, on the whole, may be described as still undeveloped. The potash trade is worthy of note, because it not only covers the home demand, but supplies a sufficient production to form a considerable export, which is rare.

Another interesting branch of the chemical industry is that of sulphate of copper, which owes its extension to the spread of peronospora, against which it has proved an efficacious remedy. On the whole it must be said that the chemical industries in Hungary are still insignificant and undeveloped, in spite of the natural wealth of the country in chemicals.<sup>2</sup>

Tobacco is a profitable State monopoly, carried on by twenty-one factories in 1906, employing 19,253 work-people, and producing 522,000,000 cigars and 1,725,000,000 cigarettes. In 1890 the State profit was 28,500,000 florins, and in 1895 the State sold 48,809,000 florins worth of goods.<sup>3</sup>

Among the alimentary or agricultural industries the most important are those connected with flour-milling, sugar-distilling, and brewing. The use of the new machinery in milling has proved of great service, and Hungarian flour, formerly grayish in colour, is now noted for its purity and excellent taste. In 1878 the mills of Buda-Pest won the Grand Prix at Paris, and the industry, in spite of a decline of the export trade in the eighties, made a steady recovery in the nineties. In

<sup>1</sup> Matlekovits, vol. ii., pp. 139-148.

<sup>2</sup> Matlekovits, vol. ii., pp. 44-60, 84.

<sup>3</sup> Matlekovits, vol. ii., p. 119; "Statesman's Year-Book," 1903, p. 441, 1908, p. 773; Labour Report, p. 187.

1900 there were 20,008 flour-mills in Hungary, of which 488 were large steam-mills, 1,235 small steam-mills, 29 large steam and water mills, 91 small wind and water mills. The others are worked by hydraulic power and wind. The dividends fell from 16 per cent. to 10 per cent. between 1880 and 1885, and there was a further decline to 3·91 per cent. before the recovery mentioned above.<sup>1</sup> Other branches of the food industry are baking, potted fish, potted meat, and sausage-making.

The baking trade has not advanced. This is due largely to the employment of old methods and the want of new machinery in many bakeries. The frequent strikes in the bakery trade are due to the insanitary conditions which prevail.<sup>2</sup>

The law relating to the production of alcohol distinguishes between the great distilleries which pay taxes upon the consumption, a second class which pays according to its production, and a third class which is exempt from taxation.

The production of alcohol is sufficiently large not only to cover the home demand, but also to provide for a considerable export. In 1905-06 there were 67,576 distilleries, which produced 1,039,068 hectolitres of alcohol. Brewing received a considerable impetus in the nineties owing to the destruction of the vineyards by phylloxera. In 1905-06 there were ninety breweries, producing 1,688,466 hectolitres of beer. The most important of these are to be found in Buda-Pest, though there are many flourishing businesses in the provinces, but even so the production does not satisfy the home demand.<sup>3</sup>

The sugar industry, which is carried on on the banks of the Danube and in the district between the Danube and the Tisza, was stagnant during the middle of last century, but since 1889, when the Government gave it

<sup>1</sup> Labour Report, p. 187; Vautier, p. 326; Catalogue Spécial, p. 157.

<sup>2</sup> Matlekovits, vol. ii., pp. 87-95.

<sup>3</sup> Matlekovits, vol. ii., pp. 126-131; Catalogue Spécial, p. 158; "Statesman's Year-Book," 1908, p. 773..

certain favours, the increase has been by leaps and bounds. In 1905-06 there were twenty-one active factories employing 15,215 work-people, and yielding 8,175,733 metric centners of sugar.

In 1900 the largest proportion of the manufacturing population (281,320) was engaged in the clothing industries, which include tailoring, bootmaking, and shoemaking, but not the trades of furriers and tanners. The national dress and the army uniforms are staple articles of manufacture, and the latter has received a special impetus from the introduction of the one-year voluntary military service (*Einjahrig-Freiwilligen Dienst*).<sup>1</sup>

The textile industry is extremely backward. It is remarkable that, in a country where wool is abundantly produced, and where the demand, already considerable, seems susceptible of a great development, it has been necessary to resort to all sorts of artifices to maintain the few establishments which vegetate upon State orders. The woollen industry is carried on, amongst other places, near Brasso; there are special embroideries known as "Kalotaszegi Varrotas," near Kolosvar; Roumanian aprons are worked by Wallacks with gold and silver thread; there are, besides, the embroidered linen of the North-West Slovaks, the lace of the Garam Valley, and the carpets of the Banat and Marmaros.

In a memorandum drawn up by the Hungarian Minister of Commerce, and presented to Parliament in 1905, the textile industry is placed in the front rank of those outlined for future development. In particular, the spinning and weaving of hemp and flax, the woollen industry, the spinning and weaving of cotton, and the silk industry, are mentioned.

A plan for starting two mills, with 1,500 spindles each, was under consideration. Calculating the annual consumption of linen and hempen cloths, it was shown that 46,000 spindles and 2,500 mechanical looms would

<sup>1</sup> Matlekovits, vol. ii., pp. 112, 113; Catalogue Spécial, 159; "Statesman's Year-Book," 1908, p. 772; Labour Report, p. 188.



be necessary to supply the demand. The national industry only possesses 5,800 spindles and 884 looms. The annual consumption of woollen yarn is estimated to require 74,000 spindles, and of woollen cloths 380,000 spindles and 4,500 mechanical looms; only 30,000 spindles and 750 looms respectively are in existence. Additional spindles to the number of 202,000 are estimated to be needed to supply the total consumption of cotton yarn, whilst, in order to supply the total consumption of cotton cloths, 1,000,000 spindles and 40,000 mechanical looms would be required. The number existing is 113,000 looms and 4,400 looms.

Under the encouragement already given, the yearly production has increased from almost nothing in 1879 to a sum representing 40,000,000 crowns (£1,666,000) in 1905.<sup>1</sup> There has been a continuous, if not entirely successful, effort to foster the silk industry in Hungary. A special department for the development of the industry is now established, with headquarters at Szeged, and an establishment for supplying the best silkworm eggs has been erected in connection with the department. The Government further distributes mulberry-trees to agrarian schools, and maintains at its own expense 168 nurseries for mulberries.<sup>2</sup> The Government also undertakes to purchase all the cocoons produced, and has erected filatures at various places. In 1879 the industry can hardly be said to have existed. The cocoon crop was 2,509 kilogrammes, and the silk reeled was 166 kilogrammes. In 1903 there were 107,702 breeders, spread over 2,884 communes. The cocoon crop was 1,707,205 kilogrammes, and the raw silk reeled was 114,000 kilogrammes.<sup>3</sup>

<sup>1</sup> Labour Report, p. 187; Matlekovits, vol. ii., pp. 248, 249; Vautier, p. 317; *Board of Trade Journal*, November 2, 1903, p. 207; Foreign Office Reports, Miscellaneous Series, No. 663, July, 1907.

<sup>2</sup> See *Board of Trade Journal*, March 2, 1906, pp. 402, 403.

<sup>3</sup> *Board of Trade Journal*, March 2, 1906, p. 403.

## 4. FACTORY INSPECTION.

Factory inspection was made the subject of legislation as early as 1872, but neither the enactments of 1872 and 1876, nor the fuller and more detailed law of 1884, were really enforced. These experimental laws, however, undoubtedly prepared the way, and intermittent inspection was undertaken in a few factories, but the "functions of inspection were not regulated until the law of 1893."

According to the "Rückblicke" (Deutsch) for 1901, "the first systematic report relating to industrial inspection appeared in 1900," and the hope is expressed that this work "will now be done annually."<sup>1</sup> Nevertheless, if the reports were inadequate before 1903, they are not to be wholly disregarded, as they throw considerable light upon the conditions prevalent in the factories. It appears from them that in 1897 the conditions in the glass trade were especially bad. Hours were sometimes as high as fourteen, or even nineteen, a day, but, on the other hand, it appears that glass-workers frequently rest four days in the week. Again, children under ten years of age were found working in the glass factories. The great difficulty of the regulation of the child labour lies in the fanciful statements of the children themselves, as to the hours they work, as to nightwork, and as to their own ages.

Another fact brought out by the inspection of 1887-88 was that the greatest number of men are employed in iron works, the greatest number of women in tobacco works. The experience of the 1887 inspection was repeated in 1891. The commonest length of the shift was twelve hours absolute (that is, the pauses for rest being deducted). Women were chiefly employed in tobacco, children chiefly in glass works—although they were also employed in spinneries and match factories. On the whole, the proportion of children, women, and young persons, in Hungary, to the whole number of the

<sup>1</sup> Matlekovits, vol. ii., pp. 370, 371.

work-people, is favourable, as compared with other countries ; but this is due to the fact that the staple industries are in wood and metal.

In 1892 the report of the inspectors showed the average day to be ten hours, and fewer children illegally employed than heretofore ; but there were infringements of the law as to protection for driving and cogwheels, the keeping of the schedule of workers, and the provision of bandages and medicaments. In many tobacco factories as many as 300 or more workwomen are found in rooms hardly capable of ventilation. There were at the time only seven factory inspectors, of whom three were for Croatia-Slavonia. The total number of factories visited was 1,096, and insanitary conditions were reported in seventy-four factories only ; but it is to be noted that the inspectors " trusted entirely to their sense of smell and to measurement by the eye."<sup>1</sup>

In 1893 the law above referred to, " on the protection of factory employés and the reorganization of inspection," was passed, and since then the inspection has improved in regularity and efficiency. The law of 1893 is not without its defects. As Dr. Mandello observes, either the law should be a general provision, or the details should have been thoroughly worked out : as far as inspection is concerned, an attempt is made to classify the industrial establishments subject thereto. The inspector must visit annually—(1) Every factory or workshop in which there is machinery worked by elementary power (steam, gas, water, wind, electricity), or in which more than twenty employés work regularly. (2) All dairies or silk-producing workshops where machinery or steam-boilers are used. (3) Certain establishments irrespective of the number of workers or the use of machinery—*e.g.*, (a) those in which explosives are used or prepared ; (b) earthenware factories or potteries ; (c) chemical or firework factories. The control of the department of inspection was given to the Minister of

<sup>1</sup> Labour Report, pp. 180, 181 ; Deutsch, " Rückblicke," 1901, p. 163 ; Matlekovits, vol. ii., p. 373 ; Bunzel, pp. 126, 127, 140 ; Vautier, p. 313.

Commerce and Industry, and all factories were to be inspected annually.<sup>1</sup>

This last regulation was not carried out ; neither in 1894, 1895, nor 1896, were all factories inspected. In spite of the provision for the security of life and limb, and the general health of the workers, under pain of fines, conditions still continued to be very bad. The rooms were low and dark, flywheels unprotected as a general rule, washing apparatus and dressing-rooms the greatest rarity.

The enforcement of the law was, indeed, so defective that in 1897 the Congress of the Social Democratic Society demanded the introduction of a system of factory inspection, "which is already provided by law, but not practically exercised."<sup>2</sup>

In 1897 a Chief Factory Inspector was appointed, and he, in conjunction with seven inspectors and three assistants and the reporter of the county of Pozsony, inspected 1,509 factories. In 1899 the Chief Medical Officer of Buda-Pest pointed out that the insanitary conditions of the workshops were such that the mortality from tubercular disease was increasing, and recommended that a new order as to workshops should be issued. This proposal was rejected by the chamber of commerce, on the time-honoured ground that it would "hurt industry."

In 1901 the number of industrial inspectorates was raised to seventeen, but the industrial inspectors were further charged with the duties of examining steam-boilers, an innovation of doubtful merit, though it is claimed that the additional duty will raise the status of industrial inspection.

In 1905 the system of inspection underwent a considerable measure of re-organization and reform. The seventeen districts had been hitherto each unduly large and stretched over four or five counties, and identical with the districts of the chambers of commerce and

<sup>1</sup> Labour Report, p. 183 ; Matlekovits, vol. ii., p. 375 ; Bunzel, p. 129.

<sup>2</sup> Bunzel, pp. 128, 129, 133, 134.

industry, though the duties of inspection required an entirely different system of division. The districts were abolished, and replaced by thirty-four new divisions; in 1896 there were thirty-seven inspectors, a number which, it was stated in 1906, was to be increased to sixty-four. At the present moment there are thirty-six districts.

The sum voted by Parliament for the expenses of inspection were before 1883 nil; from 1883 to 1889, 15,000 crowns. In 1890 the vote rose to 30,629 crowns, and from that sum it gradually increased to 115,214 crowns in 1899, and 152,950 crowns in 1900.<sup>1</sup>

### 5. EMPLOYERS' LIABILITY AND ACCIDENT INSURANCE.

Many factories and large undertakings formed voluntary sick funds (*Hilfskassen*), for the support of disabled workmen, long before the sick insurance law of 1891.

The first and most important of these funds was the group of miners' sick funds, which have existed for centuries. The miners' societies were recognized by the general mining law of Austria codified in 1854, but before that date some factories had already formed sick funds of their own; in 1890 there were in addition thirteen special railway sick unions in existence. In spite, however, of their individual efforts, no less than 60 per cent. of the industrial workers were left to their own resources in case of illness.<sup>2</sup>

In the law of 1891 the Hungarian legislature followed the model set by the German and Austrian sick insurance laws, but it is in some respects unique. Therein it was enacted that every person, without distinction of sex, age, or nationality, employed in Hungarian territory at a wage which does not exceed 4 florins a day (or 1,200 florins a year), whether (*a*) in one of the trades

<sup>1</sup> Bunzel, pp. 129, 134, 135, 137; Matlekovits, vol. ii., pp. 375, 376; Deutsch, "Rückblicke," 1896, p. 141, 1898, p. 171, 1899, p. 167; "Pester Lloyd Jahrbuch," 1902; Kossuth, "Visit of the Eighty Club," p. 138; "Fabriksindustrie in Königreich Ungarn," pp. 4, 5; "Hungary of To-day," p. 253.

<sup>2</sup> Matlekovits, vol. ii., pp. 365-367; Labour Report (Hungary), p. 193; "Hungary of To-day," p. 242.

subject to the industrial law of 1884; (*b*) in mines or mineral works; (*c*) in works of construction; (*d*) in railway, post, telegraph, or telephone, systems; (*e*) in the navy or naval construction; (*f*) in transport of merchandise or in warehouses, shall belong to a sick fund. Persons employed in the merchant service and fishermen are expressly excluded. Those earning more than 4 florins a day are authorized to join the sick fund at their own expense.

The contributions of compulsory members are based upon the mean customary wage; where board forms part of the contract this is taken into account. The regular contribution to the reserve fund is 3 per cent. of the wages paid. Two-thirds of this percentage is deducted from the wages of the workers, and one-third is paid by the employer; in the case of apprentices and young persons receiving wages below the normal amount, the employer is liable for the whole contribution.<sup>1</sup>

The law of 1891 fixes the amount of relief to be given at 50 per cent. of the wage received at the time that the illness began (that is, 10 per cent. less than in Austria), for a period of not more than twenty weeks. The invalid was to receive free medical attendance and necessary medicaments. In case of death, funeral expenses were to be paid equal to twenty times the amount of the daily wage. Six varieties of funds were legally recognized by law; private employers might establish funds of their own if the law gave the necessary guarantee for their efficient working.<sup>2</sup> The law was received with disfavour by some of the important sick insurance societies, and it was not welcomed with general satisfaction either by employer or employed; one of the chief objections being that the extension of free medical assistance to members of the workmen's families would open the door to abuses. Sztérenyi,

<sup>1</sup> Labour Report, p. 193; "Hungary of To-day," p. 243.

<sup>2</sup> Labour Report, p. 194; "Visit of the Eighty Club," p. 141; "Hungary of To-day," p. 244.

writing ten years later, calls the law one of the chief regulations for the well-being of the work-people in Hungary, but adds that practice has shown its faults, and in particular the necessity of insuring that the sick fund fulfils its obligations to the work-people. This view is borne out by the "Rückblicke" (Deutsch), 1901, and the "Pester Lloyd Jahrbucher" of 1902 and 1904, which depict the sick funds as embarrassed by want of money, and assert that maintenance is left unpaid, and that no medical aid is given in many instances.<sup>1</sup>

The reorganization of the sick funds by a new law has been in the programme of every Ministry since 1899. The number of different kinds of sick aid funds led to the weakening of the already insecure financial position, and many district organizations were unable to discharge their obligations over their whole area, often having to limit their sphere of activity to the chief centre and one or two of the larger towns.

Again, the financial stringency prevented the funds from employing experts in the conduct of their business, which occasioned great confusion in the affairs of the organizations. For these reasons the reform of sick insurance could no longer be delayed. The preparatory work for the new Bill, and the new Bill itself, were completed in 1905, and in 1907 the law was passed. The chief features of this reform are centralization and national organization. The law sets up the Workmen's National Sick Aid and Accident Insurance Society, which maintains the sole direction of sick aid matters throughout the land, and the State Workmen's Insurance Office, the duty of which is to superintend the sick aid societies and their functions. As regards obligatory insurance, the law widens its sphere to all employés in concerns carried on on industrial lines.

The miners' sick funds were reorganized on the basis of the miners' law of 1854. The Miners' Sick Fund is wider in scope than the law of 1891, for it gives a

<sup>1</sup> Labour Report, p. 194; Sztérenyi, pp. 67-75; "Hungary of To-day," pp. 244, 245; Catalogue Spécial, pp. 285, 286.

pension as well as a temporary assistance in case of sickness. The Miners' Sick Fund is a mutual aid fund not based upon charity, and the contributions of the mine-owners are made spontaneously.<sup>1</sup>

In the matter of accidents, the industrial law of 1884 makes, in paragraph 114, a certain provision for injured workers, by enacting that employers are liable to a fine of from 100 to 300 florins in case of an accident occurring in their factories, if the precautions for safeguarding the life and health of the workers have not been taken. Different accounts are given with regard to the enforcement of this provision. Sir A. Nicholson quotes Herr von Schnierer's report to the effect that "the tribunals interpret the responsibility of the employers very strictly, and . . . condemn the employers for the smallest neglect . . . to considerable damages."

Dr. Mandello, on the other hand, declared that the injured workman had little chance of obtaining compensation unless the employer was clearly shown to be grossly in fault. An explanation of these contradictory statements is perhaps to be found in the fact that the workman, partly owing to fear of the cost of legal proceedings, would only bring an action in rare instances. It was difficult for factory inspectors to act energetically under paragraph 114, owing to the lack of any definition whereby the precautions could be measured or tested. In any case it appears that the most favourable conditions for compensation to workers were found in connection with the railway service, for there the employer was liable for any accident to the workmen which was not shown to have arisen from *vis major*.<sup>2</sup>

Various bills with regard to insurance against accident were prepared and introduced from time to time. Meanwhile insurance by private enterprise attained considerable dimensions. In 1892, out of 100,000 work-

<sup>1</sup> Sztérenyi, pp. 32, 33 ; "Rückblicke," 1904, p. 162 ; 1905, pp. 183, 187, 188 ; "Hungary of To-day," pp. 244, 245.

<sup>2</sup> See Report of Royal Commission on Labour : Hungary, p. 195.



men, 41·517, and in 1903, 50 per cent. of all the workers of the country, were said to have been so insured.<sup>1</sup>

In the speech from the throne in 1901, a measure on this subject was mentioned, and Sztérenyi was entrusted with the preparation of a Bill. It would naturally be assumed that a measure which was supported by such moderate Conservatives as the person responsible for the "Pester Lloyd Jahrbuch" would certainly become law, but it was vigorously attacked by the labour party.<sup>2</sup>

The most important innovation of the law of 1907 is the creation of accident insurance. The amount of the contribution is settled by this law in accordance with the help given. The costs of the State contribution must be paid by the employer, "who," Kossuth notices in his article in "Hungary of To-day," "is also principally liable at civil law for damages for accidents occurring in his works." The basis of the contribution is the different degree of danger of the work, which is determined by a system of danger classification. Sick aid now lasts for ten weeks only; after that time the aid (which is identical) is charged to accident insurance.

Proportionate compensation is given by the law; this works out so that the workman receives 60 per cent. of his annual income if—as the result of an accident—he becomes unable to work. In case of partial disablement he receives such proportion as corresponds to the degree of incapacity.<sup>3</sup>

The new law has organized accident insurance upon the same principle of centralization as obtains in sick aid: "Both the national and State organizations have extended their activities to insurance against accidents."<sup>4</sup>

<sup>1</sup> Royal Commission on Labour Report, p. 196.

<sup>2</sup> "Unfallversicherung der Arbeiter in Ungarn."

<sup>3</sup> "Hungary of To-day," pp. 246, 247.

<sup>4</sup> "Hungary of To-day," p. 247; cf. Sztérenyi, "Unfallversicherung in Ungarn," pp. 202-205, 385, 403, 424, 450, 553; "Unfallversicherung der Arbeiter in Ungarn," preface, also pp. 88-91, 97, 106, 107, 146; Colquhoun, "The Whirlpool of Europe," p. 243; "Visit of the Eighty Club," pp. 144, 146.

## 6. STANDARD OF COMFORT.

There are considerable difficulties in obtaining a clear view of the present condition of the working classes in Hungary. In the first place, the majority of writers on social and economic questions appear, as Bunzel says, to "deal with everything Hungarian . . . in a spirit of patriotism so intense that the reader sometimes feels a little nervous about their accuracy." The sources of information are for the most part official or semi-official, while the unbiassed authorities are of not very recent date, so that many of their statements, and especially their statistics, need revision. This latter process is rendered difficult by the fact that recent figures in many cases are not in the possession of the officials, who are very willing to give what information they have got.

In the second place, the working classes themselves regard with suspicion any attempt to inquire into their expenses, even though this is made with a view to improving their conditions.

However, taking everything into consideration, it seems tolerably clear that the facts given in my report made to the Royal Commission on Labour in 1893 still hold good, and that the conditions of the working classes in Hungary are very far indeed from being satisfactory. This view is borne out by the testimony of Bunzel, by the Board of Trade Abstracts of Foreign Labour Statistics; and frequent strikes, now on the increase, and larger emigration, are eloquent proof, if such is needed, of the discontent of the Hungarian working classes with their lot.<sup>1</sup> As regards the food and budget of the average working class family, little information is to be had. Bunzel, writing in 1902, refers back to my Labour Report, which he describes as containing tables not sufficiently elaborate to give an exact idea of the conditions under which a family live, but, nevertheless, the best to be had.

<sup>1</sup> Labour Report, pp. 190, 192; Bunzel, p. 163; "Hungary of To-day," p. 254.

Dr. Somogyi, on the basis of a small number of returns sent in by the shipbuilding labourers of old Buda, stated at the end of the eighties that the food of these people was fairly plentiful and good.

Dr. Thirring, writing in 1896, corroborates accounts of the unhealthiness of the lodgings in the capital, and states that the number of rooms without windows was so large that they could hardly be considered exceptional. Bunzel, writing in 1902, draws a gloomy picture. Stables are frequently used as dwellings, and thirty-seven of them were found to be overcrowded. As regards the conditions in the factories where sleeping accommodation is given, although there are exceptions—as, for example, those of the Saljotarjaner and Dios Györ Mines, in which the conditions are satisfactory—in the majority they are thoroughly bad. The work-people frequently sleep in the rooms in which they have worked all day. Sanitation and ventilation leave much to be desired. In 1887 Dr. von Schnierer declared that the workers “led a life unworthy of human beings” in these places. This is still true, it is to be feared.

In 1905 the association of factory industrialists (*Verband des Fabriksindustriellen*) took up the housing question, formed a joint stock company for building workmen's dwellings, and began to work.<sup>1</sup> Two years later the legislature again intervened.

In 1907 a law was passed which assures permanent exemption from taxation to the workmen's dwellings built by employers, as well as to buildings, enjoying exemption under the Act of 1870, which were given to the workmen rent-free.

Workmen's dwellings which will pass into possession of the workmen by payment of the purchase-money by instalments are also exempted from taxes for twenty years by this law.<sup>2</sup>

- The hours of labour are still severe. According to

<sup>1</sup> Labour Report, p. 192; “Pester Lloyd Jahrbuch,” 1905, p. 186.

<sup>2</sup> “Hungary of To-day,” p. 256.

the census of 1900, the hours of labour in the building trades are 9 to 10 and 11 to 12 a day exclusive of intervals; in quarrying, stone-cutting, and dressing trades, 8 to 9 and 9 to 10 hours; in the metal and engineering trades, 9 to 10 hours; in the textile trades, 9 to 10 and 11 to 12 hours.<sup>1</sup>

In mills, distilleries, paper factories, etc., the shifts are usually 12 hours. In glass works the employes often work 15 hours without interruption, after which they rest from 28 to 36 hours.<sup>2</sup>

The usual working day would appear (from Matlekovits and the Third Abstract of Foreign Labour Statistics, 1906) to be about 10 hours: in summer from 6 a.m. to 5.30 p.m., with an interval from 12 to 1.30; and in winter from 7 a.m. to 4.30 p.m. Sunday and night work only occur in exceptional cases. Taking all the men employed together, the usual working day is 9 to 10 and 11 to 12 hours; taking all the women together, the same holds good, though there are some who work from 8 to 9 hours.<sup>3</sup>

On the other hand, it is stated in "Hungary of To-day" that, generally speaking, in those branches regulated by collective agreements, the 9 and 9½ hour day "is everywhere in vogue," more than 9½ hours working time being confined to the clothing trades and to isolated factories.<sup>4</sup>

As regards the family budget, Sir Arthur Nicholson, writing in 1892, qualified Dr. Somogyi's account by saying that prices had risen 20 per cent. in the last few years, whereas wages had only risen 5 to 8 per cent. It is worthy of note that, in the tables given in my Labour Report, as a rule not much more than half the income is expended on food, and that it is difficult for workmen to get their food at cheap rates, because co-operative food supply associations for workmen (*Arbeiter-Consumvereine*) only exist in some twenty

<sup>1</sup> Third Abstract of Foreign Labour Statistics, 1906, p. 135.

<sup>2</sup> Bunzel, pp. 72, 73.

<sup>3</sup> Cf. Labour Report, p. 189; Third Abstract of Foreign Labour Statistics, 1906, p. 137; Matlekovits, vol. ii., p. 373.

<sup>4</sup> "Hungary of To-day," p. 255.

factories. Workmen are very seldom able to save. Those employed in sugar factories have the greatest facilities for saving, as lodging and food are to be had on favourable terms.<sup>1</sup>

Until within the last few years overcrowding was one of the most crying of the workmen's grievances, and very little had been done to remedy it. The housing difficulty varies widely in different towns and provinces. It is especially pressing in the capital, where the enormously rapid growth of the population has led to an overcrowding in certain quarters, "an account of which could not be read without a shudder; and here a special inquiry was undertaken by order of the Minister of the Interior in 1893": its results may be quoted as holding good to a large extent as late as 1902, and to some extent to-day.

No less than 1,238 persons were found lodged in 79 night lodging-houses. Two-thirds of the lodging-houses visited—that is, 1,897, in which 18,548 persons were found—were on the ground-floor; while 516, with 4,139 inhabitants, were under-ground. In the matter of light, 459 were absolutely dark, while 530 were fairly well lit. Only one-fifth of the lodgings were passable in the matter of dampness; very few of the dwellers in these lodgings have a separate bed. The greater part slept two in a bed, while in many instances three share one bed. Sir Arthur Nicholson personally inspected some of the workmen's quarters in Buda-Pest, and found conditions excessively bad in some cases. "There was overcrowding in decaying buildings, which had practically no sanitary arrangements. The places," he continues, "were said to be hotbeds of disease. Rents for single rooms ran as high as from £14 to £17 a year." These lodgings are not inhabited by waifs and strays, but chiefly by honest and hard-working people, and the rents seem to be very high.<sup>2</sup>

Wage statistics are still unsatisfactory, being compiled

<sup>1</sup> Royal Commission on Labour Report, p. 191; Bunzel, p. 85.

<sup>2</sup> Labour Report, p. 192.

exclusively from the reports of employers. Moreover, they vary greatly in different parts of the country. For instance, in the districts of the Chamber of Trade and Industry of Fünfkirchen, in 1897, day wages varied between 60 and 200 and 300 crowns for men, and between 50 and 100 crowns for women.

Taking the building, quarrying, metal, and engineering trades together, the most usual wages seem to be 11s. 8d. to 16s. 8d., and 8s. 4d. to 11s. 8d. Taking all the textile trades together, the wages appear to be 8s. 4d. to 11s. 8d., and 5s. and less. The most usual wage for a woman is 5s. and less, and 5s. to 6s. 8d.<sup>1</sup> As regards skilled workers, Kossuth maintains that the minimum wage is 2 crowns 50 filler, or 2s. 1d., per day; but usually they are higher, beginning with 3 crowns, or 2s. 6d., per day.

Several industrials—*e.g.*, iron and metal workers and glaziers—earn wages varying from 3 to 6 crowns, and in the more skilled trades from 4 to 6 crowns. Finally, in collective agreements, regard is had to night work, Sunday work, and overtime.<sup>2</sup>

In connection with the condition of the working classes, mention must be made of the Zone tariff system, which reduces the cost of travel per mile in proportion to the greatness of the journey. The Zone tariff exercises a great influence on the labour market. The cheap fares enable working men, if travelling in parties of ten, to reach the capital from the extreme limit of the country for about 8s. 6d. The result of the introduction of this system was an increase of 16,048,000 third-class tickets by slow trains between 1888 and 1892.

In the Labour Report, written in 1893, I ventured to say that "the free circulation may lead to shorter contracts; the migration of labourers into the towns will be accelerated. Even for town labourers a freer

<sup>1</sup> Labour Report, p. 190; Bunzel, pp. 66-69; Third Abstract of Foreign Labour Statistics, 1906, pp. 75, 77.

<sup>2</sup> "Hungary of To-day," pp. 255, 256.

circulation of labour cannot be regarded as an unmixed benefit; it will undoubtedly bring new competition into the field. It will give the employers opportunities of obtaining free labour in case of strikes." This prophecy has certainly proved true as far as the migration of labour into the towns is concerned, but the difficulty of obtaining employment in the country has been a contributory cause.<sup>1</sup>

Poor relief in Hungary, as in other countries, was for centuries reserved to the Church. Relief of the sick, the infirm, the widow, and the orphan, was considered a Christian duty, which was fulfilled for the most part by those devoted to religion. In addition to this, there was in Hungary the traditional lavish hospitality of great families.

Public relief only dates from the second half of the eighteenth century, and in this respect Hungary still lags behind the countries of Western Europe, for the care of the sick poor was not regulated by law till 1875. By an Act of that year the parishes were charged with the expenses of their own poor, but, as they were seldom able to bear this burden, the paupers were often sent from parish to parish without obtaining the relief required. In 1898, therefore, an Act was passed for defraying the expense of the indigent sick, and by the same law a national sick or hospital fund was formed.<sup>2</sup> The basis of the fund was the uniform distribution of the expenses incurred by public sick nursing among the whole population of the country, the amount levied being 5 per cent. of the direct taxes. The National Hospital Fund covers the expense of treating impecunious invalids.<sup>3</sup>

In the early nineteenth century great interest began to be shown in Hungary in the subject of infant life protection, and by 1836 the Association for the Establishment of Homes for Infants was already established.

<sup>1</sup> Labour Report, p. 192; Matlekovits, vol. ii., pp. 66, 68.

<sup>2</sup> Bunzel, pp. 158, 159.

<sup>3</sup> "Visit of the Eighty Club," p. 150.

In the sixties the cause of infant protection, which had faded in the War of Independence, took a new lease of life; finally, in 1876, the State began to undertake the maintenance of homes for infant children.

In 1891 a law on infant protection made such care an important factor of national culture and power. This law is attributed by the author of "Racial Problems in Hungary" to a desire to Magyarize the non-Magyars, rather than to the wish to counteract the very high rate of infant mortality prevalent in Hungary. The Act, according to this writer, proved ineffectual both in accomplishing its ostensible object, the promotion of the health, cleanliness, and intelligence of the children, and in its ulterior motive—Magyarization.<sup>1</sup>

Whether or no *Scotus Viator* is justified in his view of the action of the Government in 1891, there can be little doubt that the renewed action in 1899 was prompted by genuine alarm, aroused by the alarming infant mortality, which, together with the flow of emigration, was seen to be depopulating a country already too sparsely provided with inhabitants.

In this year the Minister of the Interior issued an order with regard to the care of deserted children under seven years of age, by which not only foundlings and orphans, but children whose parents were in prison, or sick, or unable to support them, were included in the category of deserted children. The Society of the White Cross and the Children's Refuge Society were to take charge of the children, the expenses being defrayed by the Government. Owing to the extravagance of the White Cross, M. Koloman Szell, at this time Minister of the Interior, determined that the Government must for the sake of economy undertake the work. In 1901, therefore, he carried the State Refuges Bill, under which the State was to house, feed, clothe, and tend the children. The State extended its tutorship of the children to the age of fifteen, defray-

<sup>1</sup> *Scotus Viator*, "Racial Problems in Hungary," pp. 221-223; "Hungary of To-day," pp. 313-315.



ing the cost of those under seven, while the cost of those over seven was met by the local authorities. The country is divided into eighteen districts, with a refuge in each, to which every deserted child has a right to go.

As soon as the child is entered, a search is instituted for its parent, and the parent is under the surveillance of the local authorities as long as the child is in the refuge. Every change in the parent's circumstances is noted, and he is forced to contribute to the child's support according to his means. The children who are sound in mind and body are drafted off into colonies, and do not remain in the refuge except for a short time. The village chosen for a colony must be prosperous and have a healthy climate. The child is boarded out in a family, and inducements are offered to the family taking the child to do the best for it. At the end of three years the mother of the family receives a certificate from the director, and the Minister of the Interior sends her a present. The number of refuge children sent to any one village is strictly limited.

If the law of 1891 was inadequate, unbiassed observers are warm in their praise of the working of the 1899 Ordinance, and of the results obtained by it.

The *Contemporary Review*<sup>1</sup> gives a glowing account of the success of the State children. Many of the villagers even adopt the children later, and these waifs are said to thrive more than ordinary children. It is in any case worthy of remark that infant mortality was 19·67 per cent. in 1904 in all classes, and in 1905 only 15·39 among State children.

One great advantage of the Szell system is its economy both in administration and in buildings. The refuge, indeed, is only a "clearing-house," except in so far as it is a sanatorium, as there is always a department for children who are too ill to be handed on.<sup>2</sup> Thus, these children are brought up, not in institutions, "but

<sup>1</sup> Edith Sellers, "The State Children of Hungary," *Contemporary Review*, March, 1907. "Hungary of To-day," pp. 320-327.

<sup>2</sup> "Hungary of To-day," p. 325.

in a more natural and motherly fashion," which is an added advantage, as they are the better fitted to live on equal terms with their fellows and to fight their own battles.

Another institution of which mention must be made before leaving the subject of child protection, is that most important charitable organization, (the State League for the Protection of Children. Sick, deaf, dumb, blind, deformed, or scrofulous children are sent by the league to medical institutions and watering-places. Again, the league makes arrangements to send children to the seaside during their holidays, and exceptional children are afforded opportunities for higher education. For the benefit of the boys, the league has entered into an agreement with one of the marine associations to receive such boys as desire a naval career. Further, a training-ship is to be built for the training of forty boys annually.<sup>1</sup>

In the other branches of poor relief the Hungarian State hardly attempts to fulfil its responsibilities. Abundant testimony is given of the good work of Church and charitable societies, and of the generosity of private individuals in bestowing both time and money on the interests of the poor. Too much, however, is left to individuals, and so inefficient is public poor relief that Bunzel maintains that "there is none in Hungary in the West European sense."

No special law deals with the question. Section 145 of the Parish Law, the Poor Law of Hungary, lays down that the parishes must look after the poor in so far as the benevolent institutions do not already fulfil that obligation. This section, such as it is, is in great measure a dead letter, as the parishes are still in many cases unable to defray the cost, and Dr. Surges admits that the relief given is often merely an authorization to beg, "which serves to increase tramps."<sup>2</sup>

In 1885 the institution of the Post Office Savings Bank was introduced into Hungary on the English model.

<sup>1</sup> "Hungary of To-day," pp. 328-330.

<sup>2</sup> Catalogue Spécial, p. 303; Bunzel, p. 158.

The central bank was placed at Buda-Pest, and the rate of interest was fixed at 3·6 per cent., the Government being empowered to alter the rate. In 1895 the rate was lowered to 3 per cent. In 1889 the institution was enlarged, the service of cheques and clearing being joined to the savings banks. In 1900 the Savings Bank was in a flourishing condition. There were 4,000 branches—that is, roughly speaking, nearly one branch for every three communes (of which there are 13,000 in Hungary), while the reserve fund voted to the Savings Banks in 1885 was raised to 6,000,000 crowns. The institution was able, further, to pay its expenses, refund the advances made by the State, and form a reserve of its own. The adoption of the cross-entry system enables the depositor to draw out his money at other offices than that at which he paid in his savings.<sup>1</sup>

A feature of these savings banks is the large proportion of juvenile depositors, and the great increase in recent years of the depositors of the working, domestic, and assistant classes.

Matlekovits gives the following table, which shows the movement which is taking place :

Occupations of Depositors.	End of 1886.		End of 1894.		End of 1897.	
		Per Cent.		Per Cent.		Per Cent.
Factory assistants and workers ( <i>Arbeitspersonal</i> ) ... ..	713	0·9	2,933	1·14	3,752	1·15
Handicrafts assistants and workers ... ..	4,302	9·8	26,446	10·28	31,097	9·89
Commercial assistants and workers ... ..	4,356	7·1	8,161	3·17	9,417	8·01
Domestic servants ... ..	1,825	2·1	11,984	4·70	14,310	4·55
Day labourers ... ..	889	1·0	6,026	2·35	8,535	2·71

The report for the year 1902 (published in 1903) showed that the number of depositors, and especially of

<sup>1</sup> Labour Report, p. 199 ; Paris Exhibition Report, pp. 3, 415 ; Matlekovits, vol. ii., p. 568.

women depositors, had increased, but that children still remained the largest class.<sup>1</sup>

### 7. TECHNICAL EDUCATION.

The first steps towards technical education in Hungary may be traced to the instruction given in the convents and monasteries. The nineteenth century is marked by the gradual development of a system of technical education. In 1836 the institution of a polytechnic school was discussed in Parliament. In 1844 a royal order decreed the erection of an industrial school, and among the subjects to be taught were chemistry and agriculture. Sunday schools, designed especially for apprentices, were founded in 1846.

In 1868 needlework was made compulsory for girls in primary schools, while chemistry and a knowledge of agriculture or industry, according to the needs of the locality, was made compulsory for boys. In 1871 the first modern practical school was started (for wood-carving), and in 1872 schools for apprentices were instituted. But it is the year 1884 which marks an epoch in the history of Hungarian technical education, for by a law of that date, which is still in force, the compulsory education of apprentices was at last established on a firm basis.

From 1884 technical education became one of the chief preoccupations of social reformers. Considerable sums of money have been expended on it (nearly £1,000,000 between 1868 and 1898), and the full reports and statistics on the subject, together with the number of new institutions mentioned in the "Rückblicke" (Deutsch) and "Pester Lloyd Jahrbuch," testify to the lively interest taken therein by the general public.<sup>2</sup> In 1891 a special central court to make inquiries on the subject of industrial education, and to deal with cases in which employers have hindered the

<sup>1</sup> Matlekovits, vol. ii., p. 570.

<sup>2</sup> Sztérenyi, pp. 1-41; Labour Report, pp. 196; Matlekovits, vol. ii., p. 394.

attendance of the young workers at school, was established by an order of the Minister of Commerce. In 1892 the Superior Council of Industrial Education was formed as a consultative body. This council proved so useful that its functions were enlarged, and in 1901 it became the Council of Commercial and Industrial Education, and its activity has been most beneficial.

Since 1900 a new system of inspection has been in force in the technical schools. The schools of apprentices are now visited at least once a year by a technical professor. Under the present system, as soon as a boy is apprenticed, his employer is obliged to enter him at a special industrial school, or, failing such, at the nearest school of apprentices or at an evening school. If the boy is under twelve years of age, he must attend the primary school until he has reached that age. As a rule, instruction is given gratis in technical schools. Besides the technical schools there are six artisan schools (five State schools and one assisted by the State), the main object of which is to develop home industry. These schools try to get work for their old pupils, and receive orders, which they give to home workers.<sup>1</sup>

One of the great difficulties to be overcome by technical education is the question of language, which is a stumbling-block in so many departments of Hungarian national life. In any given schools it will be found that the pupils speak two or three languages, and very often speak no one language perfectly. In accordance with the policy of Magyarization, instruction is almost always given in the Magyar language, and special efforts have been concentrated on the Magyarization of the secondary schools.

Of the thirty-nine *Gymnasien* and *Realschulen* in the Slovak counties, not a single one provides instruction in the language of the people. The Ruthenes are in a worse plight, for even their primary schools have been ruthlessly Magyarized. The Serbs and Roumanians, owing to the national character of their churches, are

<sup>1</sup> Sztérenyi, p. 103,

more favourably placed, and six of their secondary schools have so far survived the onslaughts of Magyarization. The State, however, even in their case, does not, *Scotus Viator* maintains, carry out its obligations. In fact, of the eighty-nine State-controlled secondary schools, "none at all are non-Magyar, and only one is even mixed." Yet the fact that Magyar is not the mother-tongue of all the pupils is a disadvantage to some of them.

A further educational difficulty lies in the slackness of employers as to sending their young workers to school. The reports of the factory inspectors show that the attendance of apprentices at school is far too frequently in the evening, and in some cases work and education combined take fifteen or sixteen hours a day of the pupil's time, so that the pupil is too tired to benefit by the instruction given. Lastly, in many schools lack of money and teaching power contributes an additional obstacle to progress.<sup>1</sup>

In the year 1890 a National Industrial Council was appointed to advise the Minister of Commerce in matters concerning trade, and to bring forward proposals relating to industrial questions. The council may also "pronounce decisions on all Government and other contracts containing industrial clauses." This council was re-organized in 1903, and again in 1905. In 1904 the Minister of Commerce laid his memorandum on the subject of the development of industry before the Industrial Council. The council discussed the memorandum, which embraced the revision of the industrial laws and the organization of industrial statistics, and approved the policy of energetically furthering industry. Bunzel criticizes the organization of the council unfavourably. He complains that it is impossible for the council to do anything against the wishes of the Minister, that the meetings are not public, and that the council

<sup>1</sup> Labour Report, pp. 196, 197; *Scotus Viator*, "Racial Problems in Hungary," pp. 209, 214, 215.

may not communicate independently either with officials or private individuals.

In 1906, as a result of these consultations, a new law for the encouragement of industry was passed, and came into force on January 1, 1907. Hereby the previous law of 1899 is modified considerably. The favours granted, which remain in force until 1915, are of a similar nature to those accorded by the Acts of 1881, 1890, and 1899, and include exemptions from public (*i.e.*, State) taxes, and from all rates payable to municipalities, communes, and chambers of commerce. The recipients of these advantages are newly established factories, producing articles not already manufactured, or manufactured in insufficient measure to satisfy the home demand; or, again, articles of which an increased production is desirable as serving economic interests. A percentage encouragement is to be granted to such undertakings if they will submit to the conditions fixed by the Minister of Commerce. The Act goes on to grant transport at cost price for the building materials for the extension of these factories, as well as for the machinery or portions of machinery for the outfitting and arrangement of the said factories or industrial establishments.

The expropriation of real estates belonging to the State, to municipalities, to communes, or to townships, may be ordered in favour of factories and industrial establishments, of industrial railways, cable lines, lighting or transmission, and pipe conduits destined for manufacturing, agricultural and forestry purposes, and also in favour of water works, pumping-tubes and levers indispensable to their working, provided that the said estates are under agriculture or forest cultivation, or are lying fallow.

As to the results of this legislation since 1881, it may be noted that from 1882 to 1901, out of 1,289 favoured enterprises, only eighty-three ceased to exist, and the effect of the legislation has been greatly

furthered by the pecuniary assistance which has been given in addition to the negative favour of exemption from taxation.<sup>1</sup>

It is natural that the industrial policy above outlined has been subjected to serious criticism in Hungary. Bunzel maintains that, instead of granting privileges and subsidies to all manner of undertakings, and particularly to industries like textiles, which would be better left to countries richer in capital and provided with skilled workers, Hungary should devote herself to improving the social conditions of the people, and thereby increase the purchasing power of the nation. In his view, the future prosperity of Hungary rests largely upon the development of her railway communications, a direction which he asserts—though with little justification, as will be seen below—the State policy has not taken. The enrichment of the few, and chiefly foreign investors, and the injury of small industries, have so far been the fruits of the labours of the Government. “These statesmen,” he adds, “remind one of the mercantile system, in their endeavours to create a national, and where possible a Magyar; factory, but they, to be candid, are neither Colberts nor Cromwells.”<sup>2</sup>

Sztérenyi, on the other hand, acknowledges the excellent work done by the Government in founding the industry of Hungary on the sure basis of technical education. With regard to the policy of subsidies, he admits that this line of action is open to controversy, but he considers heroic measures wholly justifiable in a country like Hungary, where 68·4 per cent. of the population are agricultural. He only inquires whether it would not have been still more advantageous to develop home industries. He maintains that the State is guided by national interests in the choice of the industries which it subsidizes. It encourages industries which can be supplied with their raw material by the home country

<sup>1</sup> Foreign Office Report, No. 663, Miscellaneous Series, July, 1907, p. 7.

<sup>2</sup> Bunzel, pp. 230, 231.



—*e.g.*, the wood trade—and, again, industries producing auxiliary matter for existing industries—*e.g.*, sugar for biscuits. The results have, he concludes, at any rate increased the number of undertakings in the country.<sup>1</sup>

<sup>1</sup> Sztérenyi, "Bulletin de l'Institut International de Statistique," 1902, pp. 323-334; "Statesman's Year-Book," 1908, p. 769.

## CHAPTER IX

### HUNGARIAN COMMERCE

1. INTERNAL COMMERCE: Fairs and Markets—Communications: Roads—Railways—Canals—Shipping—Posts—Telegraphs.
2. COMMERCIAL LAWS AND ADMINISTRATION: Ministry of Commerce.
3. COMMERCIAL ORGANIZATION: Commercial Associations—Chambers of Commerce—Exchange—Stock Exchange.
4. COMMERCIAL EDUCATION AND MUSEUM.
5. HISTORY OF EXTERNAL COMMERCE: The Tariffs—Free Trade—Hungary and the Reaction—Special Trade of Hungary.
6. FOREIGN COMMERCIAL RELATIONS: Relations with Germany, Balkans, England.

#### 1. INTERNAL COMMERCE.

IN the early years of the nineteenth century internal commerce was practically dormant in Hungary. There was little stir on the dusty tracks which often served as the only roadway. People lived quietly in village or *tanya* without a thought of developing the economic resources of the country. "La Hongrie étouffait dans sa graisse."<sup>1</sup>

Only four times in the year were the sleepy "markets"—the villages privileged to hold fairs—awakened to unusual animation. Strangers flocked in, temporary booths were erected outside on the plain, and the concourse of dealers, buyers of wool, hides, and other raw produce, sellers of groceries, toys, and clothing, in the bright costumes of their various nationalities, presented a lively scene.

The extension of railway communication and the development of commerce robbed the fairs of much of their importance, and the concession of market privilege

<sup>1</sup> Vautier, "La Hongrie Économique," pp. 75, 76.

is now prized by the communes chiefly on account of the market dues. Since 1867 the Hungarian Government, which then acquired the right to grant the privilege, has sanctioned the erection of numerous markets, so that in 1900 no less than 1,727 communes were entitled to hold markets, and of these 269 held weekly markets.

On the Alföld, however, the fairs retain something of their former interest and importance, especially as the regular shops in the provincial towns are rarely well supplied. The Michaelmas fair at Debreczin has been described as "even more striking in some respects" than the great Russian fair at Nijni Novgorod, on account of the great variety of Austrian and Hungarian costumes. Long lines of booths and tents form streets of temporary shops where the people can supply themselves with every "imaginable article of household utility or personal adornment."<sup>1</sup>

The economic changes which have affected the fairs are closely connected with the development of the means of communication, in which Hungary was singularly deficient at the beginning of the nineteenth century. Roadway construction at that date was undertaken locally, and in many places, particularly in the Alföld, there was an entire lack of material for road-making. In the drought the least wind raised a blinding storm of dust, while after rain carts sank almost to the axle in the mud. River navigation was difficult owing to the defective river system and its absence of communication with the sea, while railway communication, that all-important factor in commercial life, was not introduced into Hungary till 1846.<sup>2</sup>

The despotic era was marked by "an oppressive progress." Between 1848 and 1865, the 2,098 kilometres of constructed roadway were increased to 11,962 kilometres. Railways again were nationalized, but they

<sup>1</sup> Matlekovits, "Das Königreich Ungarn," pp. 447-449; Palmer, "Austro-Hungarian Life in Town and Country," pp. 133-135.

<sup>2</sup> Vautier, pp. 75, 76, 94; Jekelfalussy, "L'Etat Hongrois Millénaire," p. 545.

were generally regarded as "instruments of oppression in the hands of strangers." After the settlement of 1867, the nation began to bestir itself to create a system of railways conformable to the requirements of the country, and roadways in consequence became of local rather than national importance; but while roadways ceased to be main thoroughfares, they became invaluable as feeders of railway traffic.<sup>1</sup>

Yearly discussions were held as to the regulation of public works, but no law was passed until 1890, in which year roadways were classed into State, communal, and municipal, and the cost of construction and upkeep was apportioned to the various public bodies. In 1894 the construction of a great roadway running from Baja through the towns of Keczel, Halas, Felegyháza, Csongrád, Szentés, Kun-Szent-Márton, Szarvas, Csaba Gyula, and Székudvas, into the State road of Debreczin, was projected, the main object of which was to enable the people to utilize the railways to a larger extent than heretofore. In 1897 the roadway was in process of construction. In 1895, owing to the development of the railway system, it was found necessary to reorganize the State system of roads. Some of these roads were handed over to the administration of the district in which they were situated, because they had lost their strategic and commercial importance, and new roads were opened. The scheme formulated in 1895 came into effect in 1898, and the great network which was eventually to comprise roads from the Danube to the eastern and western frontiers, from the south to Pozsony and Komárom, has since been in process of construction. In 1905 the public roads of the Hungarian kingdom had a length of 92,817 kilometres.<sup>2</sup>

The upkeep of the roads in a large part of Hungary is very costly owing to the lack of stone or road metal. The surveying and upkeep of the State roads alone in

<sup>1</sup> Matlekovits, vol. ii., p. 619; Vautier, p. 76.

<sup>2</sup> Matlekovits, vol. ii., p. 602; Jekelfalussy, pp. 549, 550; "Statesman's Year-Book," 1908, p. 775.

1906 cost 7,470,000 crowns, the municipal roads over 20,000,000 crowns.<sup>1</sup>

In railway development Hungary has shown the greatest activity. No sacrifices have been considered too great for this object; neither the deplorable state of the finances nor the heavy public debt have proved a deterrent. In twenty years the Hungarian railway system was increased fivefold. The first rapid extension of the railways was due to private enterprise, and was made up till 1873 without any well-formed policy—*un peu à tort et à travers*. Neglect of roadways and consequent lack of traffic, in some lines coupled with inexperience and incompetent management, not without cases of dishonesty, involved the railway companies in financial difficulties, so that the State found itself obliged to take over more and more lines. The process of nationalization did not go on unimpeded. The financial burden was very great, and at one time it was feared that the policy would have to be abandoned.<sup>2</sup>

(In 1880, Count Szapary, the Minister of Finance, declared that it was unnecessary and financially impracticable for the State to control the majority of railways, though it was desirable for some and necessary for a few. Experience, however, convinced the opponents of nationalization that the choice lay between giving up the economic development of Hungary and adopting the State railway system.

Up to the eighties, the Staatsbahn and Südbahn, the former tending to make Vienna the exclusive capital of the monarchy to the prejudice of Pest, and the latter securing the monopoly of maritime commerce to Trieste to the detriment of Fiume, practically controlled the Hungarian railway net, the majority of the small lines being mere tributaries of these two great Austrian enterprises. The grouping system, by which a few larger railway companies each took over the control of several lines instead of lines being run individually, was tried and found wanting, and it became clear that in primitive

<sup>1</sup> "Hungary of To-day," p. 67.

<sup>2</sup> Vautier, pp. 76-80.

Hungary the State was the only power sufficiently strong, and sufficiently efficient, to cope with the alien lines.<sup>1</sup>

By the purchase of the Vagthal and the Tisza railways, the construction of the Rakos-Ujszasz and Pest-Zimony railways, and by tariff regulations, the State forced the Austrian Staatsbahn to come to terms in 1882. In that year it was agreed that there should be a special board of directors established at Buda-Pest for the administration of the Hungarian railways. Further, the Hungarian State gave the Staatsbahn the Vagthal line in exchange for the coveted stretch of railway running from Komárom to Bruck on the Leitha, and thus at last owned a line connecting the two capitals. Further, it was agreed that the trade to Roumania and Servia should be divided between the Austrian State Railway Company and the Hungarian State Railway.<sup>2</sup>

The second great railway contest was that between the Hungarian Government and the Südbahn. No Government from the date of the settlement had omitted from its programme the development of the Port of Fiume, but little was done until, in 1888, the necessity for active measures became imperative owing to external conditions. In 1885 Germany adopted a stringently protective policy, and its railway rates were altered, to the serious prejudice of the Austro-Hungarian transit trade. Austria-Hungary retaliated by admitting imports by sea on specially favourable terms and encouraging sea-export. These measures were, however, chiefly advantageous for Trieste, by reason of her direct communication both with Vienna and Buda-Pest by means of the Südbahn.

In order to secure to Fiume her share of the benefits to be derived from the new policy, it became necessary at all costs to obtain the 50 kilometres between Agram and Karlova belonging to the Südbahn, which separated two small Hungarian lines running along the banks of

<sup>1</sup> Matlekovits, vol. ii., pp. 627-635 ; Vautier, p. 80.

<sup>2</sup> Matlekovits, vol. ii., pp. 637, 638 ; Vautier, pp. 81, 82.

the Drave to Fiume. The Südbahn, fearing competition, was unwilling to sell the line, but the expiry of its term of exemption from taxation enabled the Hungarian Government to bring pressure to bear, and thereby not only to acquire the Agram-Karlova line, but also to force the company to treat Trieste and Fiume on the same terms. From 1882 opposition to railway nationalization practically ceased. In 1883 it was laid down by law that the State should administer all the railways whose return did not cover the interest of the capital involved. More and more lines were acquired by the State, until in 1891 the Staatsbahn was finally overthrown, passing *avec armes et bagages* into the hands of the Hungarian Government.

This last acquisition practically gave the State the control of the whole railway net of Hungary, and by the year 1900, with the exception of the Südbahn and the Kaschau-Oberberger Bahn, all the main lines were in its hands.<sup>1</sup>

The Hungarian State railway system is, however, open to criticism as regards its defective cross-country communication. Anti-Magyar writers have seen in the inaccessibility of the Slovak centres, the execrable connections, and the slowness of the trains, a fixed purpose: that of isolating the nationalities from one another, and from the outer world, in so far as such a policy is compatible with modern commerce and economic developments.

The good lines and the excellent train services all radiate from Buda-Pest, while the communications from one line to another are so bad that in some cases it would be almost better to return to the capital, and go from there to the desired destination, than to attempt to cope with the changes and delays of the cross-country route.)

If the isolation of even Hermannstadt from Kronstadt—to mention a very mild example—is a settled

<sup>1</sup> Vautier, pp. 81, 82, 456-461; Jekelfalussy, p. 561; Matlekovits, vol. ii., pp. 643-649.

policy of the Government, then it would appear that, for some portions of the Hungarian population, the defeat of the Staatsbahn and the Südbahn only meant the triumph of another interested party; but, in justice to the Magyars, it must be remembered that the Hungarian railway system has only painfully developed through a few decades of financial stringency, and that it was natural and necessary to tap the great arteries of trade first by building up a good system of lines to connect Buda-Pest with the frontier and beyond. Nor should it be forgotten that even in Great Britain cross-country communications are not always above criticism!<sup>1</sup>

While aiming at the mastery of the great railway thoroughfares of national and international commerce, the State encourages private enterprise in the construction and management of local lines. By enactments of 1880 and 1888, local railways were exempted from taxation and stamp duties during their period of construction, and from the public enterprises tax for thirty years. The result of this encouragement has been a considerable extension of the local railway system of Hungary.

In proportion to her area, Hungary holds a fair position in relation to other European countries in her length of line, standing tenth; but her more favourable position in proportion to the number of her inhabitants—namely, seventh—shows the energy and self-sacrifice with which this potentially wealthy but actually undeveloped and scantily populated country has attempted to meet the needs of modern commerce. Since railway nationalization, and especially since the introduction of the Zone tariff system in 1889, passenger traffic has greatly increased. There were 14,000,000 passengers in 1888, 19,000,000 passengers in 1889, and nearly 57,000,000 in 1897, the figures in 1896 being swollen by the traffic of the millennial exhibition to nearly 57,500,000.

The Zone system was much criticized at the time of its adoption, fears being entertained as to the financial

<sup>1</sup> See Scotus Viator, "Racial Problems in Hungary," pp. 254, 255.



soundness of the scheme which reduces fares in proportion to the distance covered; experience, however, proved these fears to be groundless, for railway receipts immediately rose, the increase being 21·6 per cent. the first year, and 32·2 per cent. the second. As regards railway rates, the Government policy is only partially protective, with a view to the assistance of some kinds of home produce.<sup>1</sup>

The length of constructed lines in 1906 was 18,683·4 kilometres, in which year there were 96,009,000 passengers carried and 55,778,000 tons of goods. Receipts amounted to £15,112,000, and working expenses to £8,380,000.<sup>2</sup> The cost of construction rose from £10,299 per mile in 1896 to £12,808 in 1900. The Magyar language is the official language of the Hungarian State railways; a motion to the effect that Magyar should not be obligatory on the State railways in Croatia was negatived in May, 1907.<sup>3</sup>

The waterways of Hungary offered little assistance to traffic until the introduction of steam, in the early years of the nineteenth century, enabled westward-bound vessels (in which the principal products were bound to go) to stem the current of the Danube. The regulations of the nineties were necessary before the river communications could be utilized to any great extent. Hungary's river system is very defective, consisting chiefly of one great water highway—the Danube. There are, indeed, many short, rapid rivers running from the mountains to the plains, but they are not adapted to navigation; and, finally, the short Hungarian littoral, defended by the rocky ridge of the Karst, is unbroken by the estuary of any great river. Progress in river navigation throughout the early nineteenth century was slow, for rivers, like other means of communication, require the expenditure of capital, which was not forthcoming. After the settlement of 1867 navigation

<sup>1</sup> Vautier, pp. 82, 83, 88; Matlekovits, vol. ii., pp. 649-653, 663-665, 668-671.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 775.

<sup>3</sup> *Morning Post*, May 22, 1907.

received more attention, as the necessity of its co-operation was recognized, if the full benefit was to be derived from the costly railway system. It was not till 1895, however, that the uniform regulation of the Danube and the Tisza was undertaken. A great feat of engineering has been the opening of a safe waterway in the Lower Danube through the rocky shallows of the so-called Iron Gates ; the same may be said of the contracting and deepening of the wide and shallow upper reaches of that river.<sup>1</sup> These works have enabled the largest steamers to go up the river as far as Orsova.<sup>2</sup>

For many years canal projects were mooted in Hungary, but in 1897 the Bega and Ferenz still remained the only navigable canals ; in 1902 the "Pester Lloyd" speaks of widespread propaganda undertaken with regard to further construction ; yet at the present day the Danube and the Tisza are connected only by the Ferenz Canal, which is very far south, though preparations have recently been made for the building of a second Danube-Tisza canal. (It is also planned to build a canal connecting the Drave and the Save, so that the products of the Hungarian lowlands may be able to go most of the way to the sea-coast by water.<sup>3</sup>)

As in the case of railways, so in the matter of navigation, Hungarian traffic was long in Austrian hands. In the nineties, however, the ascendancy of the great Danube Steam Navigation Company, formerly without a rival from Passau to Galatz, was seriously menaced. The *Süddeutsche Dampfschiffahrts Gesellschaft* gained ground, and the Hungarian Government began to create a native Danubian service. In 1895 the Hungarian River Navigation Company, with a capital of 10,000,000 florins and a national subsidy of 400,000 florins, was

<sup>1</sup> "Hungary of To-day," p. 72.

<sup>2</sup> Matlekovits, vol. ii., pp. 688-694 ; Vautier, p. 94 ; Jekelfalussy, pp. 551, 552.

<sup>3</sup> "Hungary of To-day," p. 66.

founded, and in 1897 the company had already "a considerable fleet of vessels."<sup>1</sup>

The object of this company is to make the river routes the auxiliaries of the railways in the national interests as far as the transport of industrial and agricultural products are concerned. In 1906 the Ferenz Canal, connecting the Danube and Tisza, was used by 2,780 ships and 8,316 rafts, the goods carried amounting to 8,258,570 metric centners. In 1906 the canal at the Iron Gates was used by 1,540 steamers, of which 701, with 1,256 rafts, carried 3,066,928 metric centners of goods. In the same year the total length of navigable rivers and canals in Hungary was 4,971 kilometres, of which 3,095 kilometres were navigable for steamers. There were nearly 2,000,000 passengers carried and more than 4,000,000 tons of goods.<sup>2</sup>

Railway development, which has necessitated the reform and improvement of the other means of communication, has also indirectly proved beneficial to Hungarian shipping. (When Fiume was connected with Buda-Pest, the tardy attention of the Government was attracted to that port, formerly isolated from the hinterland.

Fiume lacks none of the conditions which make a great seaport: there is deep water and a convenient approach, which is protected against the ocean by two islands, and against the north winds by the rocky Karst. Only communication with the inland centres of commerce, and the erection of suitable docks, were required to render the harbour a worthy rival to Trieste.

The Government having decided perforce to encourage export and import by the maritime route, spared no expense to develop Fiume. Vast docks were built, one for wood, another for grain, a third for petrol. Industrial establishments were erected, and the traffic of the port began to increase. According to shipping

<sup>1</sup> "Pester Lloyd Jahrbuch," 1902, p. 59; Jekelfalusy, pp. 553, 554; Vautier, p. 97; Matlekovits, vol. ii., pp. 696, 697.

<sup>2</sup> "Statesman's Year-Book," 1908, pp. 774, 775.

statistics, the number of vessels frequenting the port rose 12 per cent. between 1871 and 1897, and the tonnage about 25 per cent. in the same time.<sup>1</sup>

Between 1871 and 1906 the Hungarian State invested 46,000,000 crowns in the port of Fiume. Nevertheless, owing to the continental character of Hungary, and the difficulties of transport by rail over the lines to Fiume, with its steep gradients, the port has not yet developed into a town of the importance which the dimensions of Hungarian foreign commerce would seem to need.

In 1907 the accommodation available in Fiume Harbour was found inadequate, and many coal steamers were lying three weeks on demurrage. The warehousing capacity and railway approaches also required further extension, according to the Foreign Office Report for 1907, but the sum of £500,000 had, it was stated, been appropriated for the extension of the harbour.<sup>2</sup>

As with railways and waterways, so with maritime traffic. For many years an Austrian undertaking, subsidized by both parts of the monarchy, had the monopoly of the Hungarian sea-traffic, and, like the Südbahn or the Staatsbahn, the Austrian Lloyd Company served Austria to the detriment of Hungarian interests, and Fiume was sacrificed to Trieste. By 1880, however, the Hungarian Government had begun to consider seriously the acquisition of a merchant service. In 1882 the State began to support the "Adria," a company made up of a Scotch and an Austrian firm, which had started as a Hungarian line in 1880. In 1891 the State ceased to subsidize the Austrian Lloyd, and came to an understanding with the "Adria" with regard to the number and direction of its voyages. Government effort to encourage shipping has not been unrewarded. In 1902 the "Adria" increased its fleet by eight steamers, while another line,

<sup>1</sup> Matlekovits, vol. ii., pp. 703, 704; Jekelsalusy, pp. 555-558; Vantier, pp. 98, 99.

<sup>2</sup> "Hungary of To-day," p. 73; Foreign Office Reports, No. 4,099, Annual Series (August, 1908), p. 10.

the "Ungaro Croats," increased its fleet by four vessels. Further exports to India and a greater part of the imports are carried more and more under the Austro-Hungarian flag, owing to the shipping bounties and the refund of the Suez Canal dues.<sup>1</sup> The State, however, was obliged to assist the "Adria" Company in withstanding Germany's retaliatory policy, and a through railway and steamship tariff has been established, available only to shippers by lines of the "Adria" combination, a measure which practically excludes outside competition.

In 1906 there were

		Number.		Tonnage.		Crews.
Sea-going vessels ...	...	55	...	87,891	...	1,201
Coasting vessels ...	...	133	...	7,517	...	522
Fishing vessels, etc.	...	288	...	398	...	722

Of the total number of vessels, 97, of 93,084 tons, were steamers, and 379, of 2,722 tons, were sailing vessels. In 1906, 23,394 vessels, of 3,273,846 tons, entered, and 23,407, of 3,270,143 tons, cleared. The 1905 figures showed an increase of more than 33 per cent. in entries since 1901.<sup>2</sup> The law for the encouragement of Hungarian shipping, which came into force in January, 1907, is deserving of some attention. This law grants bounties on the purchase of ships, and on the running of vessels on voyages made from or to a port of the Hungarian Crown in the trade interests of Hungary. Again, it gives subventions to home undertakings having establishments for the independent building of vessels of at least 1,000 tons gross, if a proportion of home material and home labour is used.<sup>3</sup>

Hungary has also made great advances in the postal and telegraphic communication. From 1722 the postal service has been administered by the State. In 1867 the statute regulating the Customs and commercial alliances between Austria and Hungary provided that

<sup>1</sup> Matlekovits, vol. ii., pp. 704-708, 723-728; Jekelfalussy, pp. 556, 557; Foreign Office Reports, "Fiume," No. 3,082, pp. 3, 4, 7; No. 3,260.

<sup>2</sup> Foreign Office Reports, No. 3,260, pp. 4, 10; "Statesman's Year-Book," 1908, p. 774.

<sup>3</sup> Foreign Office Reports, No. 3,963, Annual Series (March, 1908), p. 10.

the postal and telegraphic system should be separately administered in Austria and Hungary, but organized on the same principle in so far as it was expedient in the interests of traffic. The next important event in postal history was the reform of the postal rates in 1878.

The telegraphic system was introduced into Hungary in 1847, and was very fairly developed during the despotic period. Since 1867, however, progress in this, as in all other branches of national economy, has gone on much more rapidly. In 1887 the postal and telegraphic services were united, and in 1889 the 1 krone tariff came into force for printed circulars (*Drucksachen*). Post-offices have increased from 1,337 in 1868 to 51,459 in 1906, and telegraphic offices from 349 to 3,925 in the same period. In 1906 there were 15,500 miles of telegraph line. The telephone was introduced in 1881, and in 1906 there were 89 urban systems and 44 interurban circuits joining the capital and 43 other towns and districts with one another, and besides connecting Buda-Pest with Vienna and Berlin, with altogether 132,720 miles of wire, by which 104,028,110 conversations were held.<sup>1</sup>

## 2. COMMERCIAL LAWS AND ADMINISTRATION.

A Commercial Code and Bills of Exchange Act was much talked of at the end of the eighteenth century, but commercial legislation was first brought into the sphere of practical politics by Count Stephen Széchenyi in the third decade of the nineteenth century. In his "Stadium," which appeared in 1831, Széchenyi urged the importance of framing a Bills of Exchange Act, and as a result of his propaganda Parliamentary enactments were passed between 1832 and 1836, and the market jurisdiction was also regulated. In 1840 a committee was appointed to elaborate a law relating to bills of exchange, and another regulating credit. On

<sup>1</sup> Matlekovits, vol. ii., pp. 578, 580-583, 588, 589; Jekelfalussy, pp. 567, 568; Vautier, p. 93; "Statesman's Year-Book," 1908, pp. 775, 776.

the basis of the work of this committee, the following Acts were passed: A law of bills of exchange; a second regulating the conditions of starting a business, the manner of conducting business books, and the relation between employer and employed; a third relating to joint stock and other companies, granting complete freedom in forming trade associations, and regulating the institution of broking; finally, the question of insolvency was dealt with by law.<sup>1</sup>

The leading feature of all this legislation was its spirit of *laissez-faire*; great freedom of action was conferred, and State interference was reduced to a minimum. The Bills of Exchange Act (*Wechselgesetz*) of 1840, with the amending Act of 1844, was repealed in 1850, and replaced by the German General Bills of Exchange Ordinance (*Wechselordnung*); but in 1861 the *Wechselordnung* was discarded in favour of the law of 1840. The Insolvency Act of 1840 was also repealed in 1853, only to be re-enacted in 1861. The laws thus restored were, however, inadequate to meet the new economic conditions created by the railway and its accompanying commercial development. In 1862 the introduction of the German Commercial Laws and Bills of Exchange Ordinance was discussed, and in 1864 a commission was appointed to consider the matter, but nothing had been done when the great change of 1867 took place.<sup>2</sup> After the settlement, in consequence of the clamorous demands for the reform of such commercial regulations as existed, the Minister for Trade, Joseph Szlavy, entrusted Stefan Apathy with the elaboration of a Bill on the lines of the German commercial legislation, but modified to meet the special conditions of Hungary, regard being had to German experience and the newest economic theories. Apathy's Bill was examined by a special commission in 1873, and after a year's delay was placed before Parliament in 1875. Shortly after this the Bill became law. The Hungarian commercial law is framed on the same principles as the German com-

<sup>1</sup> Matlekovits, vol. ii., pp. 426, 427.

<sup>2</sup> Matlekovits, vol. ii., p. 428.

mercial law, but it embraces certain subjects not contained in the latter, such as regulations regarding insurance and warehouse business. Further legislation took place with regard to bills of exchange in 1876, and insolvency in 1881.

The commercial laws of Hungary are not codified, but the existing statutes are in need of being replaced by fuller and improved legislation. In 1904 it was stated that the work preparatory to framing bills as to credit and other commercial questions, and, further, with regard to the reform of the system of association, had been commenced.

Until 1889 there was no separate Ministry of Commerce, and only a simple Ministry for Agriculture, Industry, and Commerce, together, but in that year the affairs of agriculture were placed under a separate department. The duties of the Ministry of Commerce are still multifarious. The Ministry is divided into ten sections, with twenty-seven departments, which are responsible for the administration of external trade and Customs, posts and telegraphs, industrial education, and a long list of other subjects. The competence of the Ministry extends to Croatia-Slavonia as regards policy, but the executive power belongs to the Home Government in those countries. The executive organs of the Ministry are chiefly special offices directly connected with the department, but in some cases—*e.g.*, the application of the industrial laws as to technical education or roadways—the orders of the Ministry are enforced by municipal offices. Some of the duties of the Ministry are delegated, as, for example, postal administration and the Post-Office Savings Bank business, the latter being delegated to a special council.<sup>1</sup>

### 8. COMMERCIAL ORGANIZATION.

Since the formation of the Pester Bürgerliche Gre-mium in 1696, the interests of the Hungarian com-

<sup>1</sup> Matlekovits, vol. ii., pp. 429, 733, 734, 739, 742, 743, 749, 750, 753, 754, 759, 760; Deutsch, "Rückblicke," 1904, pp. 55, 162; Foreign Office Reports, No. 515, "Austria-Hungary" (September, 1899), p. 6.



mercial classes have been furthered by voluntary associations. In the last century, associations of a purely private character existed in many districts and towns, and in 1876 there were said to be forty-two in existence, with a membership of 4,520, a yearly income of 733,000 florins, and property to the amount of 559,000 florins. Information with regard to them is scanty, and only an occasional and brief notice of their existence and working is to be found in books on the commerce of Hungary. In 1902 there is mention of a commercial congress, at which the formation of a national union of commercial associations was agreed upon. The statutes of this association were drawn up, but the proposal apparently was allowed to lapse. In 1904 it was stated that, since the enactment of the commercial law, 5,125 associations had been formed, of which 851 had ceased to exist, three-quarters of them being credit associations.<sup>1</sup>

Information of a more satisfactory character is obtainable with regard to the official representation of commercial and industrial interests, which has for some time existed side by side with voluntary associations. In 1848 the Government invited the Pester Handels Gremium to make proposals with regard to commercial organization, and especially with regard to the organization of chambers of commerce. In 1850 the despotic Government introduced chambers of commerce into Hungary, and eleven were erected. At various times the number and organization of the chambers districts has been altered. In 1900 there were seventeen Hungarian chambers and three Croatian-Slavonian chambers. The effect and working of these associations are commented on in the "Pester Lloyd Jahrbücher" of 1902 and 1905, and testimony is given of their activity and the variety of the questions on which their advice was given to the Government—for instance, external commercial treaties and the autonomous

<sup>1</sup> Matlekovits, vol. ii., pp. 430, 431; "Pester Lloyd Jahrbuch," 1902, p. 179; Deutsch, "Rückblicke," 1904.

**Customs Tariff.** Between 1891 and 1894 the membership rose from 95,702 to 107,525.<sup>1</sup>

Associations with the object of carrying on practical trading are found in the exchanges, the great permanent markets which are better adapted to modern conditions than the old picturesque fairs, which they have to some extent superseded. In 1847 the corn-merchants of Buda-Pest still met regularly in a coffee-house, but in 1853 the Lloyd Association was founded, "with the object of creating a centre for Hungarian commerce." After that date the development of exchanges was more rapid. In 1854 the corn-market was founded, with the purpose of introducing a systematic method into the trade in cereals. In 1860 the erection of exchanges in all large commercial centres was ordered by imperial patent, and four years later, amidst great rejoicings and festivities, the Pest Goods and Stock Exchange, which was "to facilitate the Lombard, assurance and transport business," etc., was opened.<sup>2</sup>

The exchange has now been transformed into a corporation, at the general meetings of which a Commissioner from the Ministry of Commerce attends, and the decisions of these meetings, when they are suspected of being contrary to existing law or outside the powers of the meeting, are submitted to the Ministry of Commerce. The judicial powers exercised by the council of the Buda-Pest Exchange aroused opposition amongst legal circles, and the result of the agitation was the law of 1881, by which the Exchange Court of Arbitration was declared a special court,<sup>3</sup> within the competence of which fell such questions as disputes in corn-market business.

There were two exchanges in Hungary—those of Buda-Pest and Fiume—in 1897. In addition to the exchanges, many Lloyd societies, which are somewhat analogous to the exchanges, existed in various towns in

<sup>1</sup> Matlekovits, vol. ii., pp. 432-434; Jekelfalussy, p. 527; "Pester Lloyd Jahrbücher," 1902, p. 180, 1905, p. 179.

<sup>2</sup> Jekelfalussy, p. 529; Matlekovits, vol. ii., pp. 441-444.

<sup>3</sup> Matlekovits, vol. ii., pp. 442-444.

1897.) That of Temesvar has judicial rights.<sup>1</sup> At the present day there are 1,500 ordinary members of the Buda-Pest Corn and Stock Exchange, which plays so important a rôle in the commercial life of Hungary.<sup>2</sup>

#### 4. COMMERCIAL EDUCATION AND MUSEUM.

Technical education has been justly regarded in Hungary as of the first importance, because it is the surest foundation of an efficient and prosperous commerce and industry. The industrial side of that education has already been described; we have still to consider some points in the history of technical education which are purely commercial.

In 1830, Bibanco, who might be described as the "father of Hungarian commercial education," founded his school, for the upkeep of which he subsequently obtained the assistance of the corporation of the merchants of Buda-Pest. This institution was at first connected with a Sunday-school, but its popularity encouraged Bibanco to transform the school into a regular day-school. Pupils flocked in. The Government took the matter up, and in 1840 the whole movement received a powerful impetus by the Parliamentary enactment enforcing mercantile book-keeping according to a severe and precise system. In 1841 Bibanco died, but a successor to him was found in Anton Hampel, under whose excellent guidance the school grew and prospered.

During the absolutist era, the Sunday-schools managed by commercial corporations, and the private commercial schools in which well-to-do merchants' sons were prepared for a commercial career, continued side by side. In 1857 the merchants of Buda-Pest founded the commercial academy, which soon acquired great prestige, owing to the excellence of its professors and the severity of its examinations. After 1867 it was held necessary to organize commercial education on a national basis. In 1868 pupils from commercial schools having three

<sup>1</sup> Jekelfalussy, p. 529.

<sup>2</sup> "Hungary of To-day," p. 79.

classes received by law the privilege of the one-year military service. In 1872 the commercial education of Hungary was transferred from the charge of the Ministry of Agriculture and Commerce to that of the Ministry of Public Education.<sup>1</sup> In 1884 commercial education was joined to superior primary education; that is to say, commerce was added to the subjects of the school timetables in the upper forms. A fourth class was also added to the commercial academy at Buda-Pest, and to the high school at Temesvar, for those who wished to educate themselves with a view to commerce with Eastern countries.<sup>2</sup> Considerable additions to the regulations relative to commercial education were made in 1885. In 1895 the three-courses system (lower, middle, and higher) of commercial education, which had hitherto existed, was maintained, but the pupils were allowed to choose Italian or English as their second compulsory language in lieu of French.

Among the subjects of the commercial school are religion, geography, history, mathematics, chemistry, modern languages, and shorthand; while an interesting feature in Hungarian commercial education is the special attention paid to all that concerns Eastern commerce, a branch of trade which Hungary is especially anxious to develop. The classes for the study of Oriental languages started in 1885 developed in 1891 into classes of Oriental commerce. The course, which was of two years' duration, was intended to give future merchants the opportunity of learning Oriental languages, and of acquiring commercial ideas concerning the East; it was started with the hope that traffic might thereby be stimulated between Hungary and the East. The studies of the Oriental course include (a) Eastern languages, Roumanian, Servian, Bulgarian, Turkish, modern Greek and Italian, of which every pupil is expected to learn at least two (Servian and Bulgarian

<sup>1</sup> "L'Enseignement en Hongrie," pp. 193, 194, 198; Matlekovits, vol. ii., pp. 436, 437.

<sup>2</sup> "L'Enseignement en Hongrie," pp. 200, 201, 208, 223, 224.

counting as one). (b) Ethnography and Eastern geography dealing with the racial and geographical questions of the Balkan Peninsula and Turkey in Asia. (c) Commerce and the Customs system, with legal theories, a description of the consular service, and statistics of external commerce. (d) The transport system, and finally other subjects, such as French and arithmetic. A novel feature of the Oriental course is the annual excursion journey made by the pupils with their professors to the principal Eastern markets.

In 1897 the commercial apprentices' education was organized after the pattern of the industrial apprentices' education.<sup>1</sup> In 1880 the first industrial class for women was started. In 1891 this class was transformed into a regular course by Albin Czáky, then Minister of Public Instruction. The regulation, which was slightly modified in 1893, has been held to be highly beneficial, as opening honourable careers for women in commercial life. Among the subjects taken by the women are arithmetic, commercial principles, and commercial geography. There are also special courses for the employés on railways and in the postal and telegraphic service.<sup>2</sup>

At Buda-Pest, in 1896, the railway course had 312 pupils, the postal and telegraphic course 79. In 1906 there were 157 commercial schools, 91 of which were for apprentices, with 421 teachers and 5,747 pupils.<sup>3</sup>

In spite of State activity in the matter of commercial education, and the number of schools now existing, the people do not make as much use as they might of their advantages, and the attendance at these institutions is far from satisfactory; thus, the commercial high schools, with a staff of 60 professors, had only 202 students. The less-advanced institutions, however, are better appreciated.<sup>4</sup>

Another side of the commercial education of Hungary

<sup>1</sup> "L'Enseignement en Hongrie," pp. 222-225, 238; Sztérenyi, "L'Enseignement Industriel et Professionnel de la Hongrie," pp. 116-122.

<sup>2</sup> Jekelfalussy, pp. 229, 230.

<sup>3</sup> "Statesman's Year-Book," 1908, p. 767.

<sup>4</sup> "Hungary of To-day," p. 78.

is the Commercial Museum, by the medium of which a knowledge of inventions and trade innovations is brought to the workers, while the directions in which trade may most advantageously be developed are indicated. Regard is paid to public taste, and special attention is given to those objects which are most in demand. The main object is to develop industry in general, and to encourage technical improvements in small industries. It is desired to secure the home market for Hungarian industry by showing the capacity and the increasing many-sidedness of Hungarian industry, and to prepare the way for the introduction of the products of Hungarian industry into Eastern markets.<sup>1</sup>

The museum authorities give advice to industrials on technical questions, and arrange industrial exhibitions to encourage special provincial industries. The museum also affords useful information by its library, and organizes explanatory courses as to new machinery and other technical questions. The principal museum at Buda-Pest was opened in 1887, but there are many provincial museums. In 1902 special mention is made in the "*Pester Lloyd Jahrbuch*" of the services of the museums in encouraging small industries and increasing the export trade. In subsequent issues there are frequent references to the excellent work done, and in 1904 it is stated that the Government was considering the extension of this excellent institution. Branches of the Hungarian Commercial Museum have been established in several Bulgarian towns—for instance, at Sofia, Philippopolis, Varna, Rustchuk, Bourgas, and Widdin.<sup>2</sup>

The nineteenth century, and particularly the years which have elapsed since the settlement of 1867, have been in Hungary years of revival and vigorous self-sacrificing action, by which an attempt has been made

<sup>1</sup> Sztérenyi, p. 312; Matlekovits, vol. ii., pp. 449, 450.

<sup>2</sup> Sztérenyi, pp. 314-317, 320; "*Pester Lloyd Jahrbücher*," 1902, pp. 173, 174, 1903 and 1905, pp. 175, 188.

to keep abreast of the modern world. Thought, enterprise, and money, have been generously expended, and Hungary has been modest enough to learn from more advanced peoples, both as regards practical methods and law. The Government has strained every nerve to render the system of communications adequate to the needs of modern commerce, and to shake the country free of the foreign exploiting companies, while it has patiently built up a national Hungarian system of railways and a national mercantile fleet.

"To-day," said Jekelfalussy, writing in 1897, "there is hardly a *coin perdu* in all Hungary, hardly a county unfurrowed by broad roads, or a district that is not within reach of the great network of communications."<sup>1</sup>

There is, however, one less substantial but more important obstacle to the development of commerce in Hungary, with which Hungarian statesmen have so far failed to cope, and that is, the deep-rooted prejudice which exists throughout Hungary against trade itself. Commerce as a profession is undoubtedly still looked at askance, as doubtful in character, and as a parasite rather than a helpmeet to industry. This old-fashioned prejudice was bewailed as lately as in 1903 by the "Pester Lloyd Jahrbuch," in which the patriotic necessity of maintaining the merchant class is forcibly pointed out. The provision by which attendances at commercial schools place young men on the list for one year's military service was a step in the direction of raising the status of commerce, but much remains to be done before that branch of national life attains its proper standing. The result of the present unfortunate state of public opinion is that trade falls more and more into the hands of the Jews.<sup>2</sup>

## 5. EXTERNAL COMMERCE.

(The external commerce of Hungary and her commercial relations with foreign Powers are among the affairs common to Austria and Hungary in which

<sup>1</sup> Jekelfalussy, pp. 544, 545.

<sup>2</sup> "Pester Lloyd Jahrbuch," 1903.

the monarchy has one history and appears as one Power.)

In that history and in those relations Hungary, as we have seen, has played a changing rôle. A closer discussion of the Hungarian side is necessary to throw further light on some Hungarian problems, and also on that question so recently of very practical moment, not only to Austria-Hungary, but to all Europe, and which, though temporarily shelved, has by no means been finally settled—the question of the maintenance of the economic unity of the Hapsburg dominions.

As in Austria so in Hungary, external commerce was practically nil in the eighteenth century, so that the prohibitive system of tariffs gradually built up under Maria Theresa and Joseph II. was not immediately felt. The shoe began to pinch, however, when Joseph made further application of the mercantilist theories by trying to crush Hungarian commerce under the erroneous view that Austria would thereby benefit. The Emperor declared that Hungary was to be treated as a colony, and the tariff was so regulated that almost all raw products and industrial articles might be exported from Austria into Hungary duty-free, whereas Hungary could only export such goods duty-free as Austrian producers especially needed, all other commodities being subjected to duties of varying degrees; further, Hungary was prevented from exporting to foreign countries such goods as Austrian industrials required, and had in every case to pay heavy transit duties.

In 1802 Hungary drew up the famous address in which it was shown that a relaxation of the existing system would benefit not only Hungary, but the whole monarchy. In 1807 certain ameliorations were made in the tariff, but these were cancelled in 1810 owing to Austria's difficulty in meeting the heavy war expenses, and the oppressive prohibitory system continued, in spite of Hungarian protest, until the outbreak of the revolution in 1848.<sup>1</sup>

<sup>1</sup> Lang, "Hundert Jahre Zollpolitik," pp. 170, 171, 173-176; Matlekovits, vol. ii., pp. 456-459.



The year 1850 brought the long-desired declaration of Free Trade, but Hungary was then groaning under the unconstitutional yoke of Austrian despotism, and suffering from the loss by exile or death of many of her best men ; while the spirit of enterprise to take advantage of the new economic freedom, daily expanding under Brück's guidance, was wanting.

By the year 1865 Hungary had begun to recover from the effects of the war. The railway system, which had been developed by the despotic Government, was bringing new life into Hungarian commerce, and the settlement of 1867 resulted in a great outburst of activity. Hungary entered now upon an era of brilliant prosperity. Railways were developed, industry and commerce began to thrive. Every day almost marked the beginning of some new enterprise, the founding of some bank or some industrial association. "Palaces seemed to spring out of the ground. Towns arose in a night." "*Le bien-être ne suffisait plus ; le luxe devenait obligatoire.*" At the climax of her prosperity came the crash on the Stock Exchange. Agricultural Hungary, although shaken by the economic crisis following on over-speculation, did not suffer in anything like the same degree as Austria in the 1873 débâcle ; moreover, she had a very substantial asset to show for the preceding period of feverish activity in her greatly improved system of communications.<sup>1</sup>

The constitutional, national, and political struggle was now embittered by divergency of economic interests. The agriculturists, then as now the predominant power in Hungary, were strongly in favour of Free Trade, and protested vigorously against the reactionary policy which began to be entertained after 1873. In that year Madrony, the leading figure in the National Industrial Union, pressed for a separate Customs territory. The Customs Union had, however, been advantageous in securing a larger direct home market for cattle and farm produce, as well as a wider foreign market. So

<sup>1</sup> Matlekovits, "Zollpolitik," pp. 8-11, 17, 18 ; Vautier, pp. 58, 59.

the majority remained in favour of the existing system.

In 1878 the Buda-Pest Government made representations, and much friction arose from what was thought to be Austria's ungenerous treatment of Hungary. In defence of Austria, it may be said that her hand was forced by Germany, and that she followed, but did not lead, in a policy unpopular with the other half of the Customs Union. Austria-Hungary's tariff was drawn up a year before that of Germany; yet as Chlumecky, the Austrian Minister of Commerce significantly remarked, "the one who mobilizes first is not always the assailant."<sup>1</sup>

Even the supporters of Protection lay stress upon its especial advantage to industry, but if industry as a whole did not suffer—and there was no sudden or even gradual decrease of prosperity—that, as Vautier points out, was not equally important for both halves of the monarchy. Hungary paid highly for her machinery and imports generally, while her infant industry was all but ruined by the deluge of Austrian wares with which her market was flooded when the foreign countries raised their tariff walls against outside competition.

What still further aggravated Hungarian discontent was the great fall in the price of grain, a fall which has continued steadily since 1877.<sup>2</sup> In the nineties irritation had come to a head, and it became evident that there would be a difficulty in concluding the Customs and Commerce Treaty, which has to be renewed every ten years. Hungary, it was urged, was suffering not only from protective, not to say prohibitive, tariffs, but her industry also laboured under the competition of her mature rival. It was urged that, by her hybrid policy of Free Trade with industrial Austria and Protection with the outer world, Hungary was debarred from

<sup>1</sup> Matlekovits, "Zollpolitik," pp. 8-10; Lang, pp. 228-231; Vautier, p. 63.

<sup>2</sup> Lang, pp. 293-298; Matlekovits, "Zollpolitik," pp. 594, 601, 629; Gerstl., pp. 2, 5, 12, 19, 85, 86, 93.

enjoying the advantages of either policy, while she had the disadvantages of both.<sup>1</sup>

Austria's stubborn resistance to Hungarian demands, as we have seen, long delayed the settlement of the Customs and Commercial Alliance. But what is even more injurious than the temporary economic instability caused by the delay, this long quarrel, which gave rise to endless discussion, has strengthened, if it did not create, the party of separatists whose aim it is to dissolve the Customs Union. The hopes of the separatists now are that, in the years of Free Trade which are still before them, a strong industry will have developed, whose consuming capacity will form a home market for Hungarian agricultural produce, and it is then proposed to exclude Austrian manufactures by high protective duties. For a country like Hungary, where 18,000,000 out of the 18,000,000 inhabitants already consume food-stuffs of their own growing, and depend largely upon foreign purchases for the sale of their surplus produce, this dream sounds Utopian.<sup>2</sup>

The enhancement of the agrarian duties in the 1906 tariff pacified Hungary to some extent, and the renewal of the Customs and Commercial Alliance in 1907 guarantees the peaceful economic development of Austria-Hungary till 1917.

The result of the external policy of the monarchy has, then, tended to injure both Hungarian agriculture and Hungarian industry, and has given rise to such widespread discontent that the settlement of 1867 has been menaced. Deak's countrymen seem in danger of forgetting his warning of forty years ago, that to lay hands on that compact is to ruin the Hungarian Constitution, the relationship with Austria, and the harmony between Crown and Nation.

Nevertheless, the years which have elapsed since 1867 have been marked by an enormous material advance in

<sup>1</sup> Vautier, pp. 431-437.

<sup>2</sup> *Times*, Financial and Literary Supplement, November 26, 1906.

Hungary.<sup>1</sup> This apparent contradiction can only be explained by the vast benefit which Free Trade between the two halves of the dual monarchy has conferred, which has been further assisted by the development of communications and the successful internal administration of the Magyar Government. It would therefore appear that the separatists should rather devote their energies to removing external barriers to their commerce than to raising fresh internal obstruction to trade.

According to the Hungarian official statistics for 1905, imports increased 55·8 per cent. between 1882 and 1905, while exports increased 56·6 per cent. in the same period. Of the imports in 1905, 24·4 per cent. in value were raw material, 10·7 per cent. half-manufactured goods, and 64·9 per cent. manufactured goods.

The chief articles of import in 1906 were cotton goods, 182,180,000 crowns; woollen goods, 84,633,000 crowns; and semi-woollen goods, 80,620,000 crowns. The chief articles of export were agricultural produce, and thereunder—flour, 185,793,000 crowns; wheat, 103,860,000 crowns; and oxen, 94,548,000 crowns.

In recent years the uncertainty of the political situation has reacted unfavourably upon trade, and there has been a downward tendency in the excess of exports over imports. Of the special commerce of Hungary, imports varied from 1,158,279,000 crowns in 1902 to 1,555,569,000 crowns in 1906; exports in the same period rose from 1,323,735,000 crowns to 1,508,813,000 crowns.<sup>2</sup>

In 1903 the unfavourable result of the balance of trade fell chiefly upon Hungary, the decrease in the export of raw material being especially great, owing to drought and the failure of crops.<sup>3</sup> In 1905 trade was still characterized by stagnation and want of enterprise;

<sup>1</sup> *Times*, January 6, 1907; *Times*, Vienna, January 9, 1907; *Spectator*, January 15, 1907.

<sup>2</sup> Hungarian Official Statistics, 1905, p. 26; "Statesman's Year-Book," 1908, p. 773.

<sup>3</sup> Foreign Office Reports, "Fiume," No. 3,199, p. 3; No. 3,399, pp. 3, 4, 7; No. 3,650 (1906), p. 3; No. 3,696 (August, 1906), p. 3.

but later in the year, owing to a good harvest, matters improved in spite of the increased uncertainty of the political situation.<sup>1</sup>

(Up till 1905 the statistics of the traffic done by road or river had not been drawn up separately. In that year traffic by rail and ship accounted for 80·4 per cent. of the imports and 88·1 per cent. of the exports ; postal traffic, 11·3 per cent. of the imports and 1·7 per cent. of the exports ; maritime traffic, 7·3 per cent. of the imports and 9·8 per cent. of the exports ; road frontier traffic, on the Servian and Roumanian side, 1 per cent. of the imports and 0·4 per cent. of the exports.<sup>2</sup>)

In 1906 the value of the foreign trade of the Hungarian kingdom, apart from precious metals and coins, exceeded 3,000,000,000 crowns (£125,000,000), and showed an increase of 73 per cent. during twenty-five years. The increase of imports was 77·7 per cent. ; that of exports, 69 per cent.<sup>3</sup>)

## 6. FOREIGN COMMERCIAL RELATIONS.

Germany, as we have seen, occupies a leading position in the external trade of the monarchy. After the settlement of 1867 relations between Germany and Hungary developed to an important extent, thanks in part to the direct railway communication between Hungary and Germany. In 1877, however, this harmony was disturbed by the drawing up of the Austrian tariff of 1878, and in the following year (1879) Germany taxed the import of agricultural produce, which had up till then been exempt from duty. The protective tariff of 1882 was followed by the German protective tariff of 1885 ; while in 1887, negotiations between the two Powers having failed, duties were raised to their maximum. Under the influence of the first protective tariffs, German imports into Hungary fell from

<sup>1</sup> Hungarian Official Statistics, 1906, p. 25 ; "Pester Lloyd Jahrbuch," 1906, p. 7.

<sup>2</sup> Hungarian Official Statistics, 1906, p. 27.

<sup>3</sup> "Hungary of To-day," p. 80.

23,700,000 florins in 1882 to 15,500,000 in 1887 ; whilst Hungarian exports to Germany fell from 71·2 million florins in 1882 to 36·6 million florins in 1887.<sup>1</sup>

By the treaty of 1891, which marked the return to the commercial treaty policy, there were considerable reductions in the rates, the concessions being chiefly favourable to Hungary, as Austro-Hungarian export to Germany consists largely of agricultural products. In 1902 Germany drew up an extremely Protectionist tariff, by which all agricultural products are heavily charged. Austria-Hungary replied with the tariff of 1906, the chief result of which so far—according to the Foreign Office Report published in July, 1908—is a considerable increase of revenue to the State, and a rise in the cost of living.

Hungary, like Austria, is making a great point of extending her trade with the Near East. Hence another cause of grievance between the two partners to the commercial alliance has been the question of commercial treaties between the monarchy and the south-eastern States. The Hungarians allege that they have been called upon to bear the disadvantages of their treaties. Statistics do not, however, bear out this complaint. Taking the period from 1896 to 1900, Hungarian export to the Balkan States has not decreased, but rather increased, and Hungary did not suffer from the extraordinary depression of 1900 as much as Austria.<sup>2</sup>

Hungarian exports to Roumania, Servia, and Bulgaria, from 1896 to 1900 consisted largely of industrial products, notably sugar. The value of the Hungarian export to Roumania was 10·7 million crowns in 1891, and 18·5 million crowns in 1900 ; to Servia, 13·3 million crowns in 1891, and 10·8 million crowns in 1900 ; to Bulgaria, 3·5 million crowns in 1891, and 4·3 million crowns in 1900.<sup>3</sup> In general, however, the Hungarian

<sup>1</sup> Vautier, pp. 456-458, 461 ; Jekelfalussy, p. 536.

<sup>2</sup> Vautier, p. 463 ; Grünberg, pp. 299-301 ; Foreign Office Report, July, 1908.

<sup>3</sup> Grünberg, pp. 296-298.

export throws into relief the agricultural nature of the country, for raw materials constitute only 20·1 per cent. of the imports, but 52·9 per cent. of the aggregate value of the exports; on the other hand, manufactured articles represented 66·5 per cent. of the imports, and only 34·8 per cent. of the exports.<sup>1</sup>

British trade with the monarchy has, as we have seen, decreased since the adoption of Protection, but Hungary is nevertheless indebted to English firms, who have started undertakings in the monarchy itself, for a portion of her industry, and especially for her manufacture of agricultural machinery, so important to intensive farming, and so costly to import, owing to the exorbitant rate levied on the commodity.

In the British market American flour is pushing out the Hungarian flour, while India by her countervailing duties has excluded Hungarian sugar, so that at the present time the prospects of Hungarian trade with the British Empire are not promising.<sup>2</sup>

<sup>1</sup> "Hungary of To-day," pp. 82, 83.

<sup>2</sup> Vautier, p. 473; Foreign Office Reports, "Fiume" (September, 1903), No. 3,082, pp. 6, 7; Jekelfalussy, p. 542; Foreign Office Reports, "Fiume" (June, 1906), No. 3,650, pp. 3, 10.

## CHAPTER X

### HUNGARIAN FINANCE

1. HISTORY OF HUNGARIAN FINANCE SINCE 1867.
2. ANALYSIS OF THE BUDGET : Expenditure and Revenue—Direct and Indirect Taxes—The Financial Result of the Purchase and Working of the Hungarian State Railways.
3. CRITICISM OF THE BUDGET : Reform of Taxation.
4. CURRENCY ; CREDIT : Loan and Credit Institutions—Banks—Postal Savings Banks—The Austro-Hungarian Bank in so far as it affects Hungary—The National Debt—The Quota.
5. GENERAL FINANCIAL POLICY : Its Effect on Trade and Agriculture—National Welfare.

#### 1. HISTORY OF HUNGARIAN FINANCE SINCE 1867.

THE year 1867 is like a red line cutting across the history of Hungary. In no branch of national life is this sharp break better illustrated than in the history of the finances.

Before 1848 financial conditions were primitive. The separation of the legislative from the executive, and the principle of general contribution to public expenditure, were alike unknown. Between 1848 and 1867 the preparatory work of demolition was accomplished ; feudalism was abolished, and the modern system of taxation and Parliamentary control inaugurated in 1867 was rendered possible, although, as a matter of fact, there was no regular Budget in 1867.<sup>1</sup> In 1867 Hungarian statesmen found themselves confronted with a task of the utmost magnitude, the problem of reorganizing Hungary, and raising her from the hopeless condition in which she had been left by Austrian misgovernment.<sup>2</sup>

<sup>1</sup> Jekelfalussy, "L'État Hongrois Millénaire," pp. 602-604.

<sup>2</sup> *Economic Journal*, September, 1898.



The first Minister of Finance, Melchior Lonyay, was a man of great ability and determination, with a keen eye to the future, and a minute knowledge of the conditions of the country. His difficult task was considerably lightened by the tact and good sense of Baron Beck, the Austrian Minister of Finance, who at the same time never neglected the interests of the other half of the monarchy. Lonyay demanded the strictest economy from his Ministerial colleagues as the best means of restoring the finances, but at the same time he desired to develop the country as the best means of restoring the finances; he granted many railway concessions, guaranteeing a certain interest, and arranged the railway loan. The gradual restoration of order in the finances, and the excellent harvest of 1868, resulted in a general boom in all branches of economic life, and a spirit of enterprise began to be shown in all directions.

In 1869 Lonyay was appointed Common Finance Minister, and Karl Kerkapoly took his place at the head of Hungarian Finance. The next six years, the years of the first important railway extension, were years of cholera, death, and bad harvests. The finances declined under a series of more or less incompetent Ministers. The State debt rose 546,000,000 gulden in 1873—that is, by 221,000,000 gulden within four years. Railways were constructed without any settled plan, and too many houses were built in Buda-Pest.<sup>1</sup> After these years of financial chaos, spasmodic efforts at economy following fits of reckless extravagance, the Tisza Cabinet came into office, with Koloman Szell as Finance Minister. In spite, however, of the vigour with which such capable financiers as Szell (1875-1878) and Szapary (1878-1887) applied themselves to financial reform, they were unable to restore the financial equilibrium owing to the strain of the Bosnian occupation and the ever-increasing burden of the army.

<sup>1</sup> Anton Deutsch, "25 Jahre Ungarische Finanz und Volkswirtschaft," 1867-1892, pp. 7, 8; Matlekovits, "Das Königreich Ungarn," vol. ii., pp. 843-846; *Economist*, February 20, 1891, March 6, 1896.

Thrice during the seventies the State had recourse to the issue of loans to restore the equilibrium of the Budget. These loans could only be obtained at a low rate of issue and a high rate of interest, and backed by a special guarantee, so low did Hungarian credit stand. In these years the Government imposed a great number of new taxes in order to try and raise more revenue, while the existing taxes were frequently raised, as we shall see later on.<sup>1</sup> A reform of taxation was not arrived at. Tisza's main object was to overcome the chronic deficit. In 1887 the sugar, beer, wine, and meat consumption taxes were raised, and in 1888 the *Schankgefälle*, or licence duties, were introduced. Finally, in 1889, Dr. Wekerle, who was well versed in all branches of financial administration, took over the finances. (The year 1890 marks an epoch in the modern financial history of Hungary. In that year, for the first time since 1869, the State accounts closed with a surplus instead of a deficit. In 1891 there was a total excess of 20,000,000 florins over the Budget estimates, a surplus derived, not from loans or from any kind of credit operations, but from normal sources showing a real growth of revenue.<sup>2</sup>)

On introducing the estimates for 1892, Dr. Wekerle pointed out that, although the condition of the finances was satisfactory, the time had not yet arrived for pressing further demands on the Budget. In the immediate future, he continued, considerable sums would be required for reforms in the judicial and provincial administration, as well as for the "very necessary increase of the salaries of the Civil Service officials and school teachers." There would be no diminution in the military votes for a long series of years, and there might even be an increase in the demands of the War Depart-

<sup>1</sup> Matlekovits, vol. ii., pp. 854, 857, 859-864; Foreign Office Reports, No. 3,343, p. 106; Jekelfalussy, p. 655; Foreign Office Reports, No. 2,563, pp. 11, 12; Beer, "Staatshaushalt," pp. 400-410; Anton Deutsch, "25 Jahre Ung. Finanz," etc., p. 11.

<sup>2</sup> Matlekovits, vol. ii., p. 864; Foreign Office Reports, No. 3,343, p. 84; *Economist*, February 28, 1891.

ment. Hungary's financial position was not yet secured, nor could it be until "the credit system was reformed and reorganized."<sup>1</sup>

In 1895 the enormous outlay upon the railways, which had crippled the finances for so many years, at last began to be really productive, and the careful administration and excellent reforms introduced by Dr. Wekerle began to tell. At this date the Government was able to disprove the alarming rumours spread by the Opposition and the clergy, to the effect that Hungarian credit no longer stood on a solid basis, by publishing detailed accounts. The returns of ninety-seven industrial companies in Buda-Pest showed that in 1894 their joint capital of 102·26 million florins bore interest to the amount of 10·27 million florins. The reserves of these ninety-seven companies amounted to 16·8 million florins, and in 1894 12 per cent. of the net receipts were added to the reserve. It was further shown that the Hungarian Exchequer had large sums deposited in different banks, amply sufficient for covering State expenses, even under unfavourable circumstances, although it had applied 115,000,000 florins to currency reforms.<sup>2</sup>

On May 1, 1903, the Budgetless situation began. The Radical Opposition availed itself of obstruction in order to prevent the voting of supply on the adoption of the Budget. The session of 1903 passed amid stormy debates, and when the House met again in the autumn the same tactics were repeated. "During the unconstitutional situation which lasted for almost a year, the taxpayers refused to make any payments to the State, and as the coercive machinery provided by the law to enforce the payment of imposts and dues could not be applied, no distresses could be levied." It was estimated that one quarter of the receipts of direct taxation were not paid. The loss to the State during

<sup>1</sup> Foreign Office Reports, No. 969, "Finances of Hungary," pp. 2, 3.

<sup>2</sup> Jekelfalussy, p. 619; Foreign Office Reports (April, 1905), No. 3,343, p. 84; *Economist*, May 25, 1895, March 7, March 14, 1896.

this period is estimated at from "55,000,000 to 65,000,000 crowns—that is, from £2,250,000 to £2,750,000."

Thanks to the Treasury funds in hand, the Government was able to tide over the difficulties without the finances being thrown into the least disorder.<sup>1</sup> The excellent harvest of 1908 further assisted the Government, so that the equilibrium between revenue and expenditure was maintained without its being found necessary to have recourse to extraordinary means.<sup>2</sup> This is all the more remarkable when it is considered that ordinary expenditure had increased very considerably, owing to the fact that the salaries of State and provincial officials and railway employes had been raised. Increased charges appear in the Budget for 1905 for elementary schools, as well as for the interest on the national debt; the latter charge is due to the need for new loans to cover extraordinary military expenditure and projected public works. In 1907 there was a gradual but considerable shrinkage. In 1906 Dr. Wekerle stated that it was undeniable that the expansive power of ordinary revenue was not sufficient to cover the growth of State expenditure. At that time, and till the end of 1907, the financial position was threatened by a serious danger—that of separation from Austria. The conflict had a depressing effect on business in Hungary, and if the Union had been dissolved Hungary would have lost the inestimable services of the joint bank, and Hungarian finance would have had to bear the not inconsiderable burden of the redemption of one-half of the metallic reserve of the bank.<sup>3</sup>

## 2. ANALYSIS OF THE BUDGET.

On the suspension of the constitutional rights of Hungary in 1849, the Hungarian Budget was amalgamated with the Austrian Budget, and it was not until

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, pp. 84, 85.

<sup>2</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 86.

<sup>3</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 86; *Times*, October 12, 1906; *Times*, Commercial Supplement, February 11, 1907.

the restoration of the constitution and the conclusion of the political *Ausgleich* of the year 1867 that Hungary obtained an independent Budget.)

The Hungarian Budget, which received the present form in 1877, is fixed annually by a special law, and is placed before the House in several sections by the Minister of Finance. The expenditure is divided into Ordinary, Temporary, and Extraordinary, the receipts into Ordinary and Extraordinary. The Hungarian financial year begins with January 1 and ends with December 31, but there is a supplementary period of three months to March 31. All credits voted for the year can be extended to March 31 of the following year.<sup>1</sup>

The feature of modern finance, *les Budgets à milliards*, is one which Hungary shares in common with other nations. As a natural consequence of the development of the public service and the ever-growing responsibilities of the State, there has been a steady increase of expenditure in all branches of administration. This increase, according to Jekelfalussy, is greater relatively in Hungary than in other European States, in consequence of the introduction of modern organization in a shorter space of time than elsewhere. The same writer estimates that the Civil Servants of the State, not counting the railway officials, increased from 10,000 to 34,000 between 1868 and 1897. The total expenditure rose in the same period from 111,000,000 florins to 261,000,000 florins.<sup>2</sup> The aggregate ordinary expenditure amounted in 1906 to 1,112,200,000 crowns; transitional expenditure in that year was 32,500,000 crowns; investments, 60,500,000 crowns; extraordinary contributions to common Exchequer, 40,300,000 crowns; so that the aggregate expenditure amounted to 1,245,500,000 crowns.<sup>3</sup>

The Hungarian Budget for 1908, which was laid before the Reichsrath in October, 1907, showed a

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 83.

<sup>2</sup> Jekelfalussy, pp. 602-604, 619; Foreign Office Reports, No. 3,843, p. 84.

<sup>3</sup> "Hungary of To-day," p. 97.

considerable increase in all its items of revenue and expenditure—ordinary and extraordinary—there being a total increase of £5,623,955. Ordinary revenue was expected to exceed expenditure, but extraordinary expenditure and investments were estimated to exceed the receipts under the above headings by £1,721,597, leaving altogether a nominal surplus of £922.<sup>1</sup>

A special feature of the Hungarian Budget is the outlay which the State makes as the proprietor of mines, forests, agricultural lands, factories, railways, posts, telegraphs, telephones, and other monopolies, the outlay, in fact, for the whole Colbertian or State socialist policy of the Government, which involves an enormous expenditure for the encouragement of industry. On the side of ordinary expenditure, although some increase occurs under nearly every head, it is steadiest under those of the Ministries of Agriculture, Education and Public Worship, Justice and War. The expenditure of the Ministries of Commerce and Finance, although presenting an increase, fluctuates very considerably from year to year, while the expenses of the Ministry of the Interior have increased by leaps and bounds. The expenditure on agriculture was 27,976,000 crowns in 1893, and 54,588,008 crowns in 1907; on education 16,076,000 crowns in 1893, and 52,945,572 crowns in 1907. The expenditure on justice was 27,970,000 crowns in 1893, and 41,741,720 crowns in 1907. The expenditure on commerce, which was 151,712,000 crowns in 1893, rose to 201,814,000 crowns in 1896, and then, after falling for some years, amounted to 233,460,097 crowns in 1906, and in 1907 it reached 251,589,135 crowns. The Ministry of Finance expended 158,364,000 crowns in 1893, 196,784,000 crowns in 1898, and 186,121,772 crowns in 1907.<sup>2</sup>

In 1896, 23·53 per cent. of the gross revenue came from railways; 21·51 from direct taxes; 16·31 from in-

<sup>1</sup> *Economic Journal*, September, 1898; "Hungary of To-day," pp. 97, 98; Statistical Abstract for the Principal and Other Foreign Countries, Cd. 1,237, pp. 317, 318; "Statesman's Year-Book," 1908, p. 769.

<sup>2</sup> Foreign Office Reports, No. 4,109, Annual Series, p. 16.

direct taxes ; 10·74 from the tobacco monopoly ; 7·5 from fees, stamps, and taxes (*Gebühren, Stempel, Taxen*) ; 3·55 from posts and telegraphs ; 3·08 from the salt monopoly ; 1·61 from the forest administration ; and 0·64 per cent. from lotteries. In the net revenue railways take the third place, and tobacco the fifth place, the order being otherwise the same.

The first class of ordinary receipts now, as then, is the direct taxes. The main direct taxes are : (1) The ground tax ; (2) the trade tax, which is divided into four classes, graduated according to the size of the undertaking ; (3) the companies tax, on undertakings bound to publish a statement of accounts ; (4) the house tax ; (5) the tax on capital and Government securities ; (6) a general supplementary income tax ; (7) a railway and steamship transport tax. In addition to the above, the Hungarian Budget contains, among the direct taxes, a tax on arms for sport, a tax on lottery prizes, and a military tax.<sup>1</sup>

In 1905 and 1906 the receipts from the principal direct taxes were :

	1905.	1906.
	£	£
Ground tax ... ..	1,425,000	3,461,000
House tax ... ..	683,000	1,579,000
Trade tax ... ..	789,000	3,287,000
Tax on public companies ... ..	74,000	650,000
Tax on capital and Government securities ... ..	428,000	652,000
Railway and steamship transport tax ...	1,028,000	1,172,000
Income tax ... ..	613,000	1,958,000
<b>Total ... ..</b>	<b>£5,040,000</b>	<b>£12,759,000<sup>2</sup></b>

This system is virtually based on the system of taxation devised by the Absolutist administration, and

<sup>1</sup> Matlekovits, vol. ii. ; see also Foreign Office Reports, No. 4,109, p. 19, and No. 3,343, p. 89.

<sup>2</sup> Foreign Office Reports, No. 4,109, Annual Series, p. 19.

retained provisionally until the Government has leisure to undertake a thorough systematic reform. The productiveness of both direct and indirect taxation has increased enormously since the settlement, partly owing to the economic advance of the country, partly to amendments of the law from time to time, and partly to the levying of new taxes.<sup>1</sup>

Between 1868 and 1890 the returns of the direct taxes increased 85 per cent., and of the indirect taxes 194 per cent. There were various innovations in taxation during the seventies, some of which were abandoned in the eighties. Others were found very productive, as, for instance, the duty on transport by rail and steamer, which was so successful that it was raised in 1883, and again in 1889. The law of 1883, which exempted the earnings of day labourers from taxation, in no way influenced the steady rise in the revenue from indirect taxation.

Of the indirect taxes, those upon sugar and beer have proved a great source of revenue. In 1890 the regulation of the licensing monopoly opened up a fresh source of income, while the increase of the sugar duty in 1896 sent the returns up rapidly. Of all the indirect taxes, the consumptive and liquor taxes have from the first produced the largest amount of revenue, and rose in thirty years sixfold.

Another important source of income is stamps, duties, and fees on legal transactions. The tobacco monopoly is increasingly productive, as the consumption of tobacco is constantly expanding. Leaving out of consideration the results of some exceptional years, the net revenue from the monopoly was in 1876 between 14,000,000 and 15,000,000 florins. Subsequently it rose to 30,000,000 florins, and in 1893, 1895, and 1897, it exceeded that amount.<sup>2</sup> The revenue from lotteries

<sup>1</sup> Foreign Office Reports, No. 2,565, pp. 11-15; Jekelfalussy, p. 610; "Hungary of To-day," p. 97.

<sup>2</sup> Anton Deutsch, p. 11; Beer, "Staatshaushalt," p. 410; Foreign Office Reports, No. 2,565, p. 12; Matlekovits, vol. ii., pp. 932, 933; see Vantier's table, p. 124; "Hungary of To-day," pp. 98, 99.



and salt monopolies has risen in recent years, as has the income from national lands. In 1906 the excise on spirits yielded £3,411,000, the excise on sugar £1,777,000, on petroleum £507,000, on meat £367,000, on wine £869,000, and on beer £1,050,000.<sup>1</sup>

The expenses in connection with the public debt, which will be dealt with later, may be described as a very important item in the Budget. As the debt increased steadily, so did the sum required for the interest and service of the debt grow in proportion. The annual expenditure under this head was estimated in 1901 to be from 131,000,000 to 132,000,000 florins. In 1868 it was 48,521,000 florins, and in 1884 over 100,000,000 florins.

The share of the Croato-Slavonian Government expenditure was, up to January 1, 1900, calculated at 45 per cent. of the corresponding revenue, and in future will be calculated at 44 per cent. The expenditure under this has also steadily increased. In 1871 it was 2,000,000 florins, rising in 1872-1876 to more than 4,000,000 florins, in 1891 to 6,000,000 florins, and subsequently as high as 9,000,000 florins.<sup>2</sup>

The Budget of the Home Office, or Ministry of the Interior, has grown in recent years. In the first years after the establishment of constitutional government it was from 9,500,000 to 10,500,000 florins. In 1872 it came down to between 7,000,000 and 8,000,000 florins, a considerable part of the expenditure being transferred to the Ministry of Justice. But in 1884 it again rose to more than 9,000,000 florins, and in recent years has touched 15,000,000 florins. The increase has been due to such items as the reorganization of the police and sanitary services and the increased allowance to local authorities.<sup>3</sup>

The constant development of administration in accordance with modern needs has specially affected the

<sup>1</sup> Foreign Office Reports, No. 2,565, pp. 13-15; Annual Series, No. 4,109, pp. 19, 20.

<sup>2</sup> Foreign Office Reports, No. 2,565, p. 9; Annual Series, No. 4,109, p. 20.

<sup>3</sup> Foreign Office Reports, No. 2,565, pp. 9, 10; Annual Series, No. 3,947, p. 29; Annual Series, No. 4,109, p. 16.

Ministry of Finance. Again, the interest taken by the Government in industry and commerce accounts for a large advance in the expenses of the Board of Trade. The fluctuation in this section of the Budget in the late nineties is due to the deficit on the National Exhibition, which was charged to this department in the accounts of 1897.

The Budget of the Department of Agriculture increased from 500,000 florins in 1868 to over 3,500,000 florins in 1897. The expenditure of the Ministry of Public Instruction has increased tenfold in the last thirty years or so, owing to the development of all branches of education, and especially that of technical instruction.<sup>1</sup>

The requirements of the Honved (National Defence) Ministry have doubled since the settlement, but the rise is justified by the high degree of efficiency and the excellent organization of that force. In the autumn of 1906 a Bill for the creation of a Honved artillery was mooted, at the estimated cost of £1,000,000. The *Times*, commenting upon this, pointed out that the Hungarian Budget is not sufficiently elastic to be able to furnish such a sum without special provision, while the Coalition Cabinet is likely to find that they have overrated their strength, if fresh taxation is contemplated for this purpose. "The people need bread, not cannon."<sup>2</sup>

The development of the railway system in Hungary has already been described at length in the chapter on Commerce. We saw the manner in which the lines gradually passed into the hands of the State, in consequence of the inefficiency of private railway companies and the need of large capital to withstand the competition of the great Austrian lines. Moneys were voted, guarantees were given for interest on capital invested in railways, and the State found itself heavily burdened. The bulk of the guaranteed interest, which was supposed to be a temporary advance, remained a burden on the Treasury as actual disbursements. In 1877 the debt of

<sup>1</sup> Foreign Office Reports, No. 2,565, pp. 9, 10; Annual Series, No. 3,947, p. 29.

<sup>2</sup> *Times*, Vienna, September 30, 1906.

the purchased railways appeared in the Budget for the first time, as an annual charge of 4,000,000 florins.

In 1880, owing to the purchase of the Tisza railway system, the charge increased to 7,000,000 florins. In 1892 it amounted to 20·68 millions, a huge figure due to the purchase of the Staatsbahn. Till 1892 the sum had never exceeded 12,000,000 florins. By the nineties, however, the heaviest expenditure was over, and the railways were at last beginning to repay some part of the vast outlay. In 1894 the price of transport was considerably reduced, and the result was an increase in passenger and goods traffic, and consequently in returns. Further, by the adoption of the system of State railways, the Treasury has been relieved little by little of the heavy burden arising from guaranteed lines.<sup>1</sup>

Jekelfalussy, writing in 1897, considered that the numerous expenses with which the railways had burdened and continued to burden the State were a national and advantageous investment, as the consolidation of the public finances and the improvement in the Budget was due in no slight degree to the State railways.<sup>2</sup> Between 1880 and 1898 the length of Hungarian railways rose from 2,645 to 7,787 kilometres. Receipts rose in the same period from 11,098,440 to 94,527,550 florins, and expenditure from 8,904,370 to 55,712,060 florins. This does not include the length of the local railways built since the beginning of 1884, and worked by the Royal Hungarian State Railways, nor the charges for management and working.<sup>3</sup>

In 1906 the revenue from railways in consequence of increased traffic was augmented by over 20,000,000 crowns (£833,000), while the magazine of the Liverpool Chamber of Commerce stated in 1907 that, to meet the increasing traffic, 300 more locomotives, 20,000 more goods trucks, and some hundreds more kilometres of railway lines, were urgently needed. The total cost of

<sup>1</sup> Matlekovits, vol. ii., pp. 875-877; Foreign Office Reports, No. 2,565, p. 17; Vantier, "*La Hongrie Économique*," pp. 117, 118.

<sup>2</sup> Jekelfalussy, p. 653.

<sup>3</sup> Foreign Office Reports, No. 515, p. 5.

this would be between 60,000,000 and 80,000,000 crowns—that is, between £2,500,000 and £3,333,000.<sup>1</sup>

The institution of the Zone tariff, founded on the principle of offering relatively lower tariffs for greater distances, thus promoting long-distance traffic, gave an impetus to passenger and goods traffic hitherto undreamed of. From 1888 to 1898 passenger traffic increased 426 per cent. in the first class, 443 per cent. in the second class, and 596 per cent. in the third class. Receipts rose correspondingly in the different classes, making an average of 215 per cent. The London *Economist* commented on the “brilliant results” of the Zone tariff system in Hungary on April 3, 1897, December 9, 1899, and April 21, 1900, and spoke of the likelihood of a further application of the system in the cheapening of a journey of medium length.<sup>2</sup>

The experience, however, of the last few years shows that, in spite of the great increase of traffic, the financial results of the Zone tariff system are anything but reassuring.<sup>3</sup> (The railways are frequently compelled to carry below actual cost, and the State lines are unable to earn out of their receipts the interest on the loans, which had to be issued for the purchase of the railways. The consequence of cheap tariffs is that the State is forced to cover from other sources of revenue the deficits in the interest payable on the railway loans. Hence a deadlock; for in many instances the low tariffs are an essential condition of profitable production, so that the repeated movements towards raising the tariffs are met by vigorous and prompt opposition from the representatives of agriculture, industry, and commerce, and it seems likely that the State will be compelled to continue to carry at a loss.<sup>4</sup>)

<sup>1</sup> *Liverpool Chamber of Commerce Magazine*, March, 1907.

<sup>2</sup> *Economist*, April 3, 1897, December 9, 1899, April 21, 1900.

<sup>3</sup> *Marché Financier*, 1899-1900, p. 584.

<sup>4</sup> *Foreign Office Reports*, No. 3,343, p. 99.

## 3. CRITICISM OF THE BUDGET.

One noticeable feature of the Hungarian Budget is the extremely small sum of money not accounted for. The *Times* Financial Supplement of February 11, 1907, speaks of the "curiously even estimates of revenue and expenditure," which, on a total Budget of some £80,000,000, are made to balance on paper to within a few hundred pounds. This system of leaving a very narrow margin was introduced by Dr. Wekerle in the nineties with the object of discouraging deputies from voting expenditure which was not of urgent necessity. On closer examination, it will be seen that miscellaneous expenditure increased very considerably between 1893 and 1900—from 1,177,000 to 9,540,000 crowns. Almost the whole increase took place in 1899 and 1900, the principal advance being from 1,841,000 in 1898 to 7,551,000 in 1899.<sup>1</sup>

But there is a further point as to the small balance. Mr. Carnegie, in discussing the estimates for 1907 laid before Parliament by Dr. Wekerle on October 12, 1906, states that the ordinary revenue, amounting to £49,189,797, showed a surplus of £1,907,479 over the ordinary expenditure, £47,282,318; while the extraordinary expenditure and investments, £5,301,638, exceeded the revenue from these sources, viz., £3,395,014, by £1,906,624, giving the small net surplus on the whole of £855. One of the causes of the increase in the estimated expenditure, Mr. Carnegie goes on to explain, arose from the fact that the items in former Budgets had not been considered with sufficient accuracy, and it was held that more care was needed in this direction in order better to realize the true conditions of the country.<sup>2</sup>

Then there are the recent revelations made before a Parliamentary Committee, which throw a strange

<sup>1</sup> *Marché Financier*, 1893-94, p. 111; *Times*, June 13, 1905; *Times* Financial Supplement, February 11, 1907; cf. *Statistical Abstract*, Cd. 1,237, pp. 317, 318.

<sup>2</sup> Foreign Office Reports, No. 3,947, p. 29.

light on some portions of the Budget. On June 6, 1907, the ex-Premier, Count Stephen Tisza, and the former Minister of Commerce, M. von Hieronymi, appeared before a Parliamentary Committee to explain the appropriation of £22,000 a year from the funds of the State railways. Count Tisza admitted the appropriation, which he declared had been customary before he took office, and had been necessitated by the insufficiency of the Secret Service Fund, or "Disposal Fund," as it is called, voted by Parliament, which amounts to 400,000 crowns (£1,600). The practice had, moreover, been continued by the present Cabinet, which, like its predecessors, had applied the State railways moneys to the service of the Press. . . . Again, the Audit Office had taken no exception to it until the closing of the accounts for 1905. The President of the Audit Office could give no satisfactory account as to why the practice so long tolerated had suddenly been condemned. "The grounds for the present objection," the *Times* goes on to say, "are entirely political, and are to be sought in the desire of the Coalition to impede Count Tisza's return to political life." The State appropriation of State railways moneys to augment the Press Secret Service Fund the *Times* designates as "too characteristic of Hungarian methods of government to require comment."<sup>1</sup> Such manipulations of course decrease the value of the financial statements very seriously, and throw doubts on the accounts from beginning to end.

The most important item in the Budget is taxation, which is now the subject of much discussion. The Government, hampered by increasing expenditure and inadequate funds, has long hoped to be able to obtain more revenue by a readjustment. In 1900 the Minister of Finance declared that the taxes were based on an antiquated system; vast projects of reform of indirect taxation were entertained, as it was held that taxes must be made less burdensome.

The taxes which have presented the greatest anomalies

<sup>1</sup> *Times*, Vienna, June 7, 1907.

are, perhaps, the house tax and the earnings industry tax (*Erwerbssteuer*). The former tax has up till now been levied in two ways—as a class tax and as a tax on the revenue derived from the house. A district is taxed according to the first or second mode of levying (which is frequently six times as heavy as the first), according to the number of dwellings which are hired out, but irrespective of the number of dwellers or any other consideration. The *Marché Financier* of 1899-1900 cites the case of Kis-Kinlay as a flagrant example of the injustice of this system. Nineteen houses out of the twenty-nine in this hamlet had lodgers as well as proprietors dwelling in them; hence this small, poor place was taxed at the high rate, while comfortable towns, with a well-to-do population quite capable of bearing taxation, were taxed according to class, more than half the houses being inhabited by the proprietors.<sup>1</sup>

Another crying grievance has been the industry tax. The first class of this tax is really a poll tax, being levied on the number of the members of the family. The second class falls chiefly on the very poor, and creates the abnormal position which forces those paying 8 to 10 kreutzer (land tax) on their little strip of land to pay 2 to 3 florins industrial tax on this very account. It was suggested in 1900, that all those contributing 5 florins in taxation other than the tax under consideration should be altogether exempted from this tax. It was further proposed in 1900 to abolish the industrial tax Class 1. in the case of all those who only make 300 florins a year. The revenue lost by these reforms was to be made up by a progressive income tax; although such a loss might very possibly not occur, for in 1883, when the earnings of day-labourers were exempted from taxation, the loss did not appreciably affect the revenue.<sup>2</sup>

In addition to the above disjointed proposals, which have been discussed in Hungary for some years past,

<sup>1</sup> *Marché Financier*, 1899-1900, pp. 574, 575.

<sup>2</sup> *Marché Financier*, 1899-1900, p. 575

a definite and systematic plan for the reform of taxation was put forward in the *Revue de Hongrie*, March, 1908, by no less a person than the present Prime Minister, Dr. Wekerle, to whose able administration of the finances in the nineties Hungary already owed a deep debt of gratitude.

The proposed reform is based on two principles—the exemption of all persons who have less than the minimum of subsistence, and the full admission of graduation wherever feasible. Dr. Wekerle proposes to tax individuals on their whole income, and not the sources of income, and to mulct real or personal property rather than income derived from personal effort. This principle must, in Dr. Wekerle's opinion, be limited in its application by one consideration, and that is that, if the duty on personal or movable property is made too high, it may drive capital and labour, which are fluid, out of the country. A tax on real property, a tax on personal property, a tax on earnings, and a tax on all these taken together, seem to him the best way to place the burden on the taxpayers.

Dr. Wekerle does not propose to make any great change in the assessment of real property, but, as the course of economic development in Hungary tends to bring the land into cultivation, he insists that there shall be some fair method of revaluation, and he complains that at present a great deal of real property is valued too low.<sup>1</sup> He points out that the tendency of the tax on income from real property is thus to catch the landowner whose income is rising, so that there is no reason for assessing the land tax strictly according to his actual profits. The assessment should rather be, as in England, upon what may reasonably be supposed to be the average value of his land, taking one year with another. Hitherto the total land tax on land without buildings in Hungary has been, according to Dr. Wekerle, 25 per cent., which seems extremely high. This he proposes to reduce to 20 per cent., abolishing

<sup>1</sup> *Revue de Hongrie*, March, 1908, an article embodied in "Hungary of To-day," pp. 232-239.



the special exemption hitherto given to the old military frontier district. As to the tax on land under buildings, it has not hitherto been uniform, for it is sometimes assessed on rental, and sometimes according to the number of rooms in the buildings. The second of these methods is to be abandoned and a uniform mode of assessment established; but building lands are to be assessed for taxation at their gross value to the landlord, and he will not be permitted to deduct the expenses of upkeep and sinking fund, as has hitherto been allowed.<sup>1</sup>

Dr. Wekerle estimates that in Buda-Pest the tax on land under buildings will be slightly lower than its present figure of 17·6 per cent., whilst in provincial towns of more than 15,000 it will be 15 per cent.; in the smaller towns, 11 per cent.; and in towns of less than 2,000, 9 per cent. This taxation by population is a novelty, and will probably lead in practice to considerable difficulties.

Dr. Wekerle proposes to reduce the tax on dividends from 10 to 5 per cent., but apparently the dividends when reckoned as part of the individual income will be taxed 10 per cent. as at present. Professional men who work with capital will be taxed only 5 per cent. on their professional earnings; those who work without capital, 4 per cent.; all enterprises which render public accounts, 10 per cent., except mining enterprises, which pay 7 or 5 per cent. Persons who have less than £25 a year, which is taken as the "minimum of existence," will pay no revenue tax at all, either on their savings or earnings. The smallest income tax will be 0·7 per cent., rising by graduations to 5 per cent.<sup>2</sup>

The principle of graduation is, of course, easy when the individual is taxed, but much more difficult, if not impossible, when land or shares are assessed. A large business may be in several hands, and may return a small income to many persons, and so forth; but with

<sup>1</sup> "Hungary of To-day," pp. 233-235, 237.

<sup>2</sup> *Revue de Hongrie*, March, 1908, and "Hungary of To-day," pp. 236-237.

these difficulties Dr. Wekerle deals in detail, and proposes in addition a number of official reforms.

In Dr. Wekerle's Budget speech in October, 1907, in which he outlined the proposed reform of taxation, he estimated that that reform would cost the State £800,000 a year, a deficit which the Premier stated he would make good by raising the Excise duties.

Writing in 1909, Dr. Wekerle spoke of the proposed Reform Bill as still needing amendment; it could not be regarded as fixed in its final form, and it was open to adverse criticism; yet its fundamental provisions, he held, should be put into operation without alteration. In conclusion, the Premier considered that the "minimum of existence" would be a cause of dissension; and however the problem was solved, he foresaw a considerable loss to the State "during the long transition period."<sup>1</sup>

#### 4. CURRENCY. CREDIT. NATIONAL DEBT.

The currency is common to the dual monarchy, and the history of the gradual depreciation in Hungarian money, the fluctuations and eventual reform of 1892, have therefore of necessity been dealt with in the chapter on Austrian Finance. Hungary, however, played a considerable part in the history of that reform, as her agricultural interest was up till 1892 adverse to the reform of the currency, for agriculturists considered the premium, or agio, on silver in its relation to paper money, and later the premium on gold in its relation to silver and paper, as a kind of export bounty on their produce. The rapid fall of the gold agio in 1890, however, alarmed the agriculturists, as they found they were receiving less revenue for their expenditure reckoned in Austrian currency. For this reason the all-powerful agrarian interest was won over, and the change quickly followed.<sup>2</sup>

<sup>1</sup> Foreign Office Reports, No. 4,109, p. 16; "Hungary of To-day," pp. 238, 239.

<sup>2</sup> Foreign Office Reports, No. 571, p. 5; Spitzmüller, "Die Oesterreichisch-Ungarische Währungsreform," pp. 3, 11.

In 1892 Hungary raised a loan to yield in gold a sum sufficient for the redemption of her share in the non-funded State notes, simultaneously with the conversion of her debt. By 1903 the reform was practically completed, and Hungary, after half a century of instability, secured a well-regulated currency.<sup>1</sup>

The introduction of banking into Hungary dates from the first half of the nineteenth century. In 1827 the first Austrian savings bank extended its activity to Hungary, and branches were erected in several towns; but it was not till 1841, when the Commercial Bank of Pest was formed, that a banking institution properly speaking was founded.<sup>2</sup>

Until the forties, according to Matlekovits, there was no pressing necessity for a credit system and credit institutions. The Hungarian economy was a natural economy (*Naturalwirtschaft*) as opposed to a monetary economy (*Geldwirtschaft*). The savings banks which existed were institutions for encouraging thrift rather than developing credit. Jekelfalussy holds a different view. According to this writer, the poverty and the unfavourable conditions in Hungary were the cause of the lack of credit institutions.<sup>3</sup>

There was an almost entire lack of capital in Hungary, the country was suffering from a depreciating paper currency, while the laws were irrational, their object being to shield the debtor against the creditor. Whether or no there was any real demand for a credit system in the early part of the nineteenth century, no such system existed, and even after the foundation of the Commercial Bank of Pest in 1841 banks did not increase in the same way as the savings banks.<sup>4</sup>

In 1851 the Austrian National Bank founded a branch in Pest, and in 1858 the Austrian Credit Institution followed suit; but no independent Hungarian bank

<sup>1</sup> Foreign Office Reports, No. 3,343, Annual Series, pp. 131, 132; Spitzmüller, pp. 43, 49; Foreign Office Reports, No. 2,016, p. 3, No. 571, pp. 7, 8.

<sup>2</sup> Matlekovits, vol. ii., p. 514.

<sup>3</sup> Matlekovits, vol. ii., pp. 514, 515; Jekelfalussy, pp. 571, 572.

<sup>4</sup> Jekelfalussy, pp. 571-573.

was founded between 1841 and 1864, when the Hungarian Industrial Bank was formed. After the settlement, banking, like other branches of economic life, became more active. Between 1867 and 1873, 144 banks and five land credit institutions, not to mention 244 savings banks and 187 associations, were founded. In 1873 came the crash and the reaction, which was a most serious blow to the banks, though the savings banks were but little affected. Many establishments failed, and others dragged on for a few years before disappearing. The share capital represented 67,650,000 florins in 1873, while in 1879 it had sunk to 34,440,000 florins.<sup>1</sup>

In 1879 there was some improvement, due to the abundance of money in Western Europe, especially France, by which Hungary benefited. French capital was invested in Hungarian enterprises, and the finances began to revive. At the end of 1896 there were in all 1,933 Hungarian and 138 Croato-Slavonian credit institutions. In 1906 there were in Hungary 569 joint stock and private banks, with a total nominal capital of 532,286,000 crowns, 891 savings banks, and 3,353 co-operative (Alliance) banks.<sup>2</sup>

The chief business of the Hungarian credit institutions has been in savings, but mortgage business has increased very largely in the last few decades. In 1897 74 per cent. of the savings were in savings banks, 21 per cent. were in banks proper, and 5 per cent. in associations. The Hungarian banks do a very profitable business; the lowest net profit of the banks and savings banks on the share capital is 4.98 per cent. for banks, and 21.97 per cent. for the savings banks.<sup>3</sup> The total assets of the joint stock and private banks in 1905 were 4,297,772,000 crowns, those of the savings banks 3,338,645,000 crowns, and the Co-operative Alliance 626,477,000 crowns.<sup>4</sup>

<sup>1</sup> Matlekovits, vol. ii., pp. 515, 516; Anton Deutsch, p. 15; Jekelfalussy, p. 581.

<sup>2</sup> Jekelfalussy, pp. 584, 585; Matlekovits, vol. ii., pp. 530, 531; "Statesman's Year-Book," 1908, p. 776.

<sup>3</sup> Matlekovits, vol. ii., pp. 529-535.

<sup>4</sup> "Statesman's Year-Book," 1908, p. 777.

In 1885 the postal savings bank system was inaugurated in Hungary, in imitation of the system existing in England. As the Hungarian savings banks had become to a large extent deposit banks, the Postal Savings Banks were all the more desirable so long as they did not absorb large capital seeking investment for a short term, but only the slender earnings of small people. In 1889 the system of the royal savings banks was completed by a service of cheques and clearing. By 1894 there was scarcely any part of the country where the poorer classes could not bank their savings without trouble or loss of time. The great majority of the depositors are minors. In 1906 there were 4,399 postal savings banks, with 607,456 depositors, and 78,689,000 crowns deposited at the end of the year.<sup>1</sup>

During the absolutist era the Austrian National Bank opened branches in Hungary at Pest, Fiume, Debreczin, and other towns, where considerable business, particularly in mortgage loans, was effected. The bank, however, was not regarded with a favourable eye in Hungary—so much so that the question was avoided at the settlement as a rock on which the negotiations might make shipwreck. An arrangement was, after much subsequent discussion, finally reached in 1878, and the bank was remodelled on dualistic lines.<sup>2</sup>

The existence of the bank is now assured till 1917, and its value is, as we have seen, very great to Hungary. Thanks to the bank, all through 1906 Hungary enjoyed a bank rate never higher than  $4\frac{1}{2}$  per cent., while the Bank of England rate was 6 per cent. and the Berlin Bank rate 7 per cent. Further, as the £40,000,000 worth of Austrian manufactures which are annually purchased by Hungary are for the most part paid for with bills at long date—frequently twelve months—and as these bills are discounted chiefly by the Austro-Hungarian Bank, it is clear that the question of cheap

<sup>1</sup> Jekelfalussy, pp. 585, 586; Anton Deutsch, p. 20; "Statesman's Year-Book," 1908, p. 777.

<sup>2</sup> Vantier, pp. 142, 143; Matlekovits, vol. ii., pp. 551-553; "Hungary of To-day," p. 90.

credit is of the utmost importance to Hungarian trade.<sup>1</sup> On the other hand, the greater part of the £40,000,000 worth of Hungarian agricultural produce which is annually purchased by Austria is paid for in cash. In 1906 the Hungarian bills formed 59 per cent. of the discount portfolio of the bank, while Austrian bills made up only 41 per cent.

The Austrian Government, being well aware of the benefit that the prolongation of the Bank Charter would confer on Hungary, was not willing to allow Hungary to reap this benefit unless some guarantee was given "that Austrian manufactures would not be contemporaneously ousted from the Hungarian market." Hence it was stated in 1907 that, in return for a long-term arrangement that would guarantee the practical unity of the Austro-Hungarian monarchy until 1932, or at least 1927, Austria would probably be willing to concede a renewal of the Bank Charter. If the union had been dissolved, Hungarian tradesmen would have been deprived of the facilities granted by Austrian credit, Hungary would have been obliged to redeem one-half of the metallic reserve of the bank, and the Hungarian currency would have suffered a depreciation of 5 per cent. In view of these facts, Hungary must think twice before estranging permanently "her best customer, her banker, and her indispensable partner."<sup>2</sup>

The national debt of Hungary has been aptly described as having "le caractère de frais de premier établissement." It consists largely of loans contracted by the State in order to reorganize Hungary and bring the country up to the modern necessities. The oldest debt is the commutation of the charges on land, a debt contracted by the absolute Government in 1853. In 1867 this debt was being gradually extinguished by the issue of lottery bonds. In 1880 the debt under this head amounted to 345,000,000 crowns (£14,875,000),

<sup>1</sup> *Times* Financial Supplement, April 1, 1907.

<sup>2</sup> *Times* Financial Supplement, April 1, 1907; *Times*, June 13, 1906, July 6, 1907.

which was converted into a 4 per cent. debt in 1888, redeemable in seventy years. In 1867 a railway loan was issued for the purpose of constructing railways and canals, amounting to 60,000,000 florins, which was to be paid off, according to Matlekovits, in fifty years, and according to the Foreign Office Reports in sixty years. The projected railways and canals were mortgaged to guarantee the loan, and, in addition, the State stood surety with its entire revenues.<sup>1</sup>

Bonds were issued to the nominal value of 176,000,000 crowns, but, as they only realized the sum of 116,600,000 crowns, the nominal 5 per cent. interest amounted in reality to 6·92 per cent. This loan was converted in 1888.<sup>2</sup>

The loan for the commutation of wine tithes was introduced in 1868. With this loan the vineyard owners redeemed their ancient obligations. This redemption loan was extinguished in twenty-two years, so that by January 1, 1892, it had ceased to exist. In 1870 a premium loan for the structural transformation of Buda-Pest was issued, the price of issue being 80 per cent. During the needy seventies the State had thrice recourse to the issue of loans to restore the financial equilibrium of the Budget, but so low stood Hungarian credit that it was necessary to furnish a special guarantee in each case; while the repayment of interest, which was high, had to be made in cash owing to the instability of the monetary system at that date. The loan of 1873, for instance, was nominally a 6 per cent. loan, but, if we consider the price of issue, the actual interest was  $7\frac{1}{8}$  per cent.<sup>3</sup>

It was the gold rente loan which regulated the position of Hungarian credit. In 1875 stock to the amount of 160,000,000 crowns was issued, half of which was sold at  $80\frac{1}{2}$  in gold. The State paid 6 per cent. on this loan in gold. The real interest worked out at

<sup>1</sup> Jekelfalussy, p. 654; Foreign Office Reports, No. 3,343, p. 106.

<sup>2</sup> Foreign Office Reports, No. 3,343, p. 106; Matlekovits, vol. ii., pp. 875, 876.

<sup>3</sup> Foreign Office Reports, No. 3,343, p. 106; Matlekovits, vol. ii., pp. 877, 880; Jekelfalussy, p. 655.

7·45 per cent. on the first issue and 7·35 per cent. on the second, averaging 7·4 per cent. This 6 per cent. gold rente remained until 1880 the chief Hungarian Stock.

In 1881 Hungary was in a position to proceed to the conversion of the 6 per cent. gold rente to 4 per cent., and the issue of the 4 per cent. gold rente took place in the course of 1888. In all, about 450,000,000 florins were issued. The conversion of 1888 marks a new stage in the history of the Hungarian national debt, as it contributed largely to the restoration of the equilibrium of the State finances. In all, loans of about 169,000,000 gold florins were converted, these loans being changed into a unified railway loan payable in gold florins, German marks, francs, and, if necessary, pounds sterling, and redeemable in seventy-five years according to the Foreign Office Report, or eighty years according to Matlekovits.

The annual economy effected by the conversion amounted in round figures to 1,000,000 crowns. The third conversion was made on the introduction of the crown currency. The issue yielded 961,000,000 crowns. The cost of the 4 per cent. loan to the State is 4·42 per cent., reckoning the price of issue and other expenses. The quotations in 1904 averaged 98 per cent.<sup>1</sup>

In 1895 a law authorized the Minister of Finance to defray the cost of regulating the cataracts of the River Danube, a work which Hungary was executing on behalf of the European Powers, and which necessitated an outlay of 37,200,000 crowns by an issue of bonds payable in crowns, marks, francs, and pounds sterling, and redeemable in ninety years at most. The loan was a 3 per cent. loan. In 1897 Hungary issued a 3½ per cent. crown rente, but the further issue of 3½ per cent. in rente is impossible in Hungary or Austria, as the rate of interest on the international money market does not sink below 4 per cent.

At the present time there are three kinds of rente

<sup>1</sup> Foreign Office Reports, No. 3,343, pp. 106, 107; Jekelfalussy, pp. 657, 658; Matlekovits, vol. ii., pp. 894, 895.



debt or consolidated stocks—the gold rente, paying 4 per cent. interest, the 4 per cent. crown rente, and the 3½ per cent. crown rente, which amounted in 1903 to a total debt of 3,885,800,000 crowns. Secondly there are three kinds of redeemable debt, paying interest in gold, silver, and notes of the State Bank. Thirdly there is the departmental debt. The various Ministers issue loans for the erection of buildings, and have to charge sinking fund and interest to departmental expenditure.

(In 1905 the national debt worked out to about £10 per head of the population—that is, about half what it was in the United Kingdom.<sup>1</sup>)

Between 1868 and 1892 the Hungarian debt increased threefold. In spite of the steady advance in the debt, it is satisfactory that no small part of the permanent increase has been caused by profitable investments like railways, which will ultimately heighten the tax-bearing capacity of the community.<sup>2</sup>

Side by side with the Austrian and the Hungarian Budget there is the joint Budget fixed annually by the delegations. This Budget always closes with a deficit, which is charged to the two halves of the dual monarchy in accordance with the so-called quota. There is a decennial revision of this arrangement, but it is not an integral part of the compact of 1867. (In 1868 the quota was fixed for a period of ten years at 30:70, based on a very rough calculation of the yield of taxation in the years 1860-1865. On the incorporation of the military frontier in 1872-73, the quota was altered to 31·4:68·6 per cent. In 1897, when the renewal of the arrangement came up, lengthy negotiations failed to bring about an agreement, and the monarch eventually decided that the Hungarian quota should be fixed, as recommended by the joint Commission in 1899, at 34·4,

<sup>1</sup> Foreign Office Reports, No. 4,109, p. 21, Annual Series. Foreign Office Reports, No. 3,343, pp. 108-110; Matlekovits, vol. ii., pp. 904-908.

<sup>2</sup> Vautier, "La Hongrie Économique," p. 115; Jekelfalussy, p. 659; Foreign Office Reports, No. 3,343, p. 108, No. 2,565, pp. 20-23.

leaving the Austrian at 65·6. In 1907, after much discussion, the Hungarian quota was fixed at 36·4 per cent., and the Austrian at 68·6 per cent.<sup>1</sup>

The subject of the quota payment is yet another point in the many-sided problem of separation. Austria has consistently held out for a higher proportion to be paid by Hungary, pointing to the much-boasted advance that Hungary has made since the quota was originally fixed. Hungary replies that the Austrian argument depends on the assumption that the quota as originally fixed was fair, and this she denies. Austrians believe that Hungary has enjoyed 70 per cent. of the power in the dual monarchy, and paid only 30 per cent. of the cost. Between 1870 and 1890 the industrial population of Hungary increased 41 per cent., the commercial population 31 per cent. The consumption of coal has increased, and the burden of the quota per head of the population has decreased, more in Hungary than in Austria.

On behalf of Hungary, it may be urged that neither the numerical strength of the population nor the size of the national Budget can be taken as fair tests of national wealth. Hungary's population is undeniably poorer than that of Austria, while her Budget is swelled by the expenditure and receipts of the State railway system and other State undertakings which involve enormous expenditure for the encouragement of industry, largely necessitated by previous Austrian misgovernment. Though the ultimate result may be wealth, the present effect is great outlay and only very moderate net returns. Finally, on the ground of taxable capacity, there seems at present no justification for the Austrian demand for an increase of the Hungarian quota beyond that now (1908) fixed : it is a grievance to Hungary that in men she gives a disproportionate contribution to the army—viz., 42 per cent. in the ratio of her population—

<sup>1</sup> Foreign Office Reports, No. 3,343, pp. 113, 114; *Economic Journal*, September, 1898; Jekelfalussy, p. 605; "Statesman's Year-Book," 1907, p. 694.

although in money she only pays for it according to the quota.<sup>1</sup> To Hickmann's view, that the return of taxes, expenditure, population, inter-imperial export and import, and monopolies, shows the fair quota to be 61·3 for Austria, as against 38·7 for Hungary, I will return later, in the chapter on Common Affairs.<sup>2</sup>

### 5. GENERAL FINANCIAL POLICY.

In the year 1867 Hungary regained with her constitution a position of independence. She was no longer the province, but the partner, of Austria in the eyes of foreign nations. The problem before Hungarian statesmen was how to transform Hungary into an efficient modern State, capable of holding even a modest position in the august society of the Powers of Europe. Hampered by lack of capital, of industry and commerce, without roadway system or railway net, without navigable rivers, with low credit, few banks, a fluctuating medium of exchange, a burdensome debt, an ignorant and scanty population, Hungarian statesmen nevertheless boldly set about the stupendous task of regeneration.

After the first years of ineffective struggles, of fluctuation between parsimony and extravagance, years in which many loans were contracted, a multiplicity of enterprises commenced, and an undue number of houses built at Buda-Pest, at length Szell and Koloman Tisza came to the rescue of the finances. With their advent Hungarian financial policy issues from the mists in which it had been enveloped since Lonyay's Ministry in 1868, and the guiding ideas of Hungarian finance, which some now regard as will-o'-the-wisps, were clearly expounded.

The first object was to restore the financial equilibrium; the second, to persevere, as far as was reasonably compatible with the first aim, in the policy of State intervention and assistance in all branches of economic life.

<sup>1</sup> *Marché Financier*, 1895-96, pp. 231, 232; Foreign Office Reports, No. 1,990; *Economic Journal*, September, 1898.

<sup>2</sup> See Hickmann, "Der Quoten Frage."

By the year 1890 the first object of the financial policy had been achieved. The Hungarian rente was regarded as "a perfectly safe and profitable investment" in the eyes of no mean judge, the London *Economist*, because "the State had rid itself of its yearly deficit."<sup>1</sup> In 1891 there was a total excess of 20,000,000 florins over the Budget estimate. This surplus represented, according to the *Economist*, February 28, 1891, a real growth of revenue from normal sources, and was not derived from loans or any credit operation. The direct taxes contributed 4,500,000 florins, excise on articles of consumption 11,500,000 florins, stamp duty 1,500,000 florins, revenue of State railways 4,500,000 florins, to the excess of revenue over the Budget estimate.<sup>2</sup>

As we have seen, in 1896, the Government was able to silence false reports of the instability of the public credit, by the publication of the returns of ninety-seven industrial undertakings in the capital, which gave ample proof of the sound state of the houses in question.

The movement aiming systematically at creating new industries and developing those already in existence by means of State aid has greatly grown in recent years. From January 1 to September 30, 1907, according to a report of the Hungarian Minister of Commerce, the amount granted for the development of home industry was about 11,907,990 crowns (about £496,166). Of this amount, a sum of 6,189,800 crowns (about £257,908) was granted for the establishment of twenty-nine new factories, in which at least 22,000,000 crowns (about £916,666) will have to be collectively invested by the owners, and at least 4,600 workmen employed. A sum of 2,763,000 crowns (about £115,125) was granted for the enlargement of twenty-seven factories, in which 9,700,000 crowns (about £404,166) fresh capital must be invested, and 2,750 more workmen employed. In addition a sum of 940,569 crowns (about £39,190) was granted for machinery for sixty-one factories, and about £1,187 for the education of apprentices in two factories.

<sup>1</sup> *Economist*, May 10, 1890.

<sup>2</sup> *Economist*, February 28, 1891.

State favours were granted during the same period to twelve factories in which the owners are obliged to invest at least £166,666 (roughly) and employ 770 workmen. Similar favours were provisionally assured to nineteen other factories. Subventions and machinery have further been given in aid of small industries. Sums have also been spent for various other purposes in connection with the encouragement of industry.<sup>1</sup>

The sums devoted to raising the economic position of the country, and enabling it to support the burden of taxation with greater elasticity, have, according to the Foreign Office Reports, "met with noteworthy success, as is shown by the growth of home consumption and of population, in spite of the numerous complaints which are raised of a deplorable increase in the number of emigrants."<sup>2</sup>

The general idea is to encourage industrial activity in the sphere of private enterprise. Special encouragement is to be given to industries serving national production—*e.g.*, manufacture of agricultural machinery, iron and wood industries, etc. Thirdly, branches of industry are to be introduced and encouraged which make articles, such as machinery and semi-manufactured goods, used by more important industries.

However, the movement is not without its opponents. Count Stephen Tisza maintains that Hungarian industry can only be healthily developed, in the teeth of Austrian competition, by utilizing the Hungarian local advantages, and not by making Hungary a fiscal forcing-house, which would cause factories to spring up like mushrooms, at the cost of Hungarian agriculture and of the already overburdened taxpayer.<sup>3</sup>

In the sphere of agriculture State aid has been crowned with a great measure of success. Many branches of agriculture are exercised with extreme

<sup>1</sup> Foreign Office Reports, No. 3,343, p. 92; *Board of Trade Journal*, March 19, 1908, pp. 598, 599.

<sup>2</sup> Foreign Office Reports, No. 3,343, Annual Series, p. 86.

<sup>3</sup> *Times*, October 12, 1906, October 2, 1907; *Times Financial Supplement*, February 11, 1907.

efficiency in Hungary, and this is largely to be attributed to the excellent agricultural teaching received by the future agriculturists in technical schools, and to scientific research, which has resulted, for instance, in the production of a specially fine flour. The Essex farmers, in the report of their visit to Hungary, bore emphatic testimony to this excellence and its cause, describing, *inter alia*, the efficiency and economy of the magnificent horse-breeding establishments supported by the State.<sup>1</sup>

As regards the general welfare of the Hungarian people, for a time, at any rate, the Government did more harm by its Chauvinistic ambitions than it did good by its socialistic legislation, for the conflict between Austria and Hungary had a depressing effect upon trade. The re-establishment of constitutional Government in April, 1906, and the conclusion of the Commercial and Customs Alliance in 1907, have had a reassuring effect, but Hungary does not recover as quickly as Austria. Hungarian economists calculate that the increase in the cost of lodging, clothing, food, and fuel, for middle and working class families, amounted to nearly 15 per cent. in 1906, without taking into account previous increases. Announcements have been made of the well-deserved increase of the pay of poor Civil Servants and teachers; but the Government, on the other hand, has been trying to obtain the payment of arrears of taxation from the years 1903 and 1905-06, which has made fiscal burdens appear more oppressive than ever.<sup>2</sup>

On the other hand, Mr. Carnegie reported in December, 1907, the following testimony to the increasing prosperity of the country, on the authority of the Pester Lloyd. During the last ten years a sum of £44,173,000 was invested in co-operative associations. Putting the capital invested in private firms during the same period

<sup>1</sup> *The Statist*, June 21, 1902; "Essex Farmers' Visit to Hungary," *see* above, chapter on Agriculture.

<sup>2</sup> *Times*, October 12, 1906; *Times Financial Supplement*, February 11, 1907; Foreign Office Reports, No. 3,947, p. 37.

at £6,666,000, a grand total of £50,889,000 is arrived at, as invested in new undertakings from 1897 to 1906. Further evidence of such an increase in national prosperity is given by the fact that, out of Government stock of £170,883,000, no less than £41,666,000 have remained in the country; and that, out of mortgage bonds in the banks amounting to £64,583,000, as much as £16,666,000 are retained in Hungary. Adding to the above sum communal loans and those of the River Conservancy Association, amounting to £10,416,000, a total capital of £68,748,000 is reached.

To this sum must be added money invested in shares. The shares quoted on the Buda-Pest Stock Exchange (omitting the Vienna Bank, Austro-Hungarian State railways, and deposit bank shares) represent an actual value of £61,666,000; estimating 70 per cent. of this to be in the possession of Hungarians, some £43,000,000 would belong to the country. The value of the shares of provincial credit associations can be put at £14,588,000. The value of non-quoted shares of provincial industrial companies and a portion of local railway stock can be placed at £10,416,000. Reckoning all the above sums together, a total of about £126,000,000 is reached. If to this be further added the deposits in savings banks, accounts current, and cheque accounts, the value of which last year together exceeded (at a conservative estimate) £125,000,000, a total of £251,000,000 may fairly be taken as the total value of the personal property in Hungary.<sup>1</sup>

Another good sign of the times is the diminution of the migration of the population from the country to the capital. Lastly, in 1906 the harvest was the best there had been for twenty years, and good prices were obtained for wood and cattle. The increase in the savings banks deposits in 1906 was £7,834,000 over 1905, and £21,625,000 over 1904, the total amounting, according to the official figures, to £137,500,000.<sup>2</sup>

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,947, pp. 36, 37.

<sup>2</sup> *Marché Financier*, 1899-1900, p. 577; Foreign Office Reports, No. 3,947, p. 36.

This prosperity is likely to continue, and even to increase, given confidence in good and permanent relation with Austria; otherwise Hungary might be left with its social difficulties, its diminished credit, its unsolved problems of taxation reform, and its incomplete Colbertian programme, to face again the dreary era of deficits, now, happily, a thing of the past.<sup>1</sup>

<sup>1</sup> On April 26, 1909, the Wekerle Cabinet, which was appointed on April 8, 1906, announced its resignation in the Hungarian Chamber. According to the *Times*, the ostensible cause of the crisis was the refusal of the Austrian Government to permit the transformation of the Joint State Bank into two autonomous but linked banks (which would have enabled Hungary to retain the advantage of Austrian credit without Austrian control), and the opposition of the Crown to the entire separation of the Hungarian from the Austrian part of the Bank. The Bank question was, however, the pretext rather than the reason for the crisis. The real sense, according to the *Times*, was the moral bankruptcy of the Hungarian Coalition, which had not only failed to fulfil its principal engagement to introduce universal suffrage, but had reduced to a minimum the influence of Hungary upon Austro-Hungarian affairs (*Times*, April 27, 1909).



## CHAPTER XI

### CROATIA-SLAVONIA.

1. HISTORY AND CONSTITUTION.
2. THE LAND AND THE PEOPLE.
3. AGRICULTURE.
4. TRADE AND INDUSTRY.
5. FINANCE.
6. HUNGARIAN VICEROYS AND HUNGARIAN POLICY.

#### 1. HISTORY AND CONSTITUTION.

THE uncertainty of Croatia's present status with regard to Hungary is reflected in the history of the country. The lack of precision in the compromise of 1868 as to the present position of this "separatum sacræ regni coronæ adnexum corpus" engenders a divergence of opinion as to the past.<sup>1</sup>

There are two views of Croatian pretensions. First there is the Magyar view, which regards Croatia as a Hungarian province. Upholders of this theory maintain that Croatia-Slavonia formed an integral part of Hungary from the first occupation of Hungary by the Hungarians, and that the present home of the Croats was never a Croatian State. The historic Croatia, which enjoyed a certain measure of autonomy before the Turkish conquest, lay to the south of modern Croatia, and comprised Bosnia and Dalmatia; but even this district, Mailath declares, was part of the Hungarian kingdom.<sup>2</sup>

<sup>1</sup> Eisenmann, "Le Compromis Austro-Hongrois," p. 542; Pliveric "Kroatische Staat," p. 8.

<sup>2</sup> Mayer, "Landwirtschaft der Königreiche Kroatien und Slavonien," p. 17; Mailath, article in *Questions Diplomatiques et Coloniales*, November 1, 1907.

The other view is that of the Chauvinist party, who regard Croatia as an equal sovereign State, and desire to substitute what Magyars describe as "a bastard trialism" for the dualism of to-day. This Chauvinist party claims for Croatia the same position in relation to Hungary that Hungary holds in relation to Austria, that of an independent kingdom, with no connection save such as results from the identity of the monarch and from the existence of common affairs and affairs of common interest. The Croats regard the compromise, which was most unpopular, as a bilateral treaty between two contracting parties; the Hungarians regard it as a Hungarian law. Eisenmann, who may be supposed to take a dispassionate view, holds that history justifies the Croatian pretensions.<sup>1</sup>

It is not perfectly clear when the Croats first settled in their present home, but it appears that they definitely drove out the Avars in 619. The groups of settlers gradually formed themselves into *zupanija*, or counties, and the territory came to be called by the two names White Croatia and Save Croatia. Finally, in the year 924, Tomislav united the whole into one State, of which he was crowned King. This kingdom, according to Mayer, has never lost its continuity since Tomislav, and is thus the oldest kingdom of the Hapsburg monarchy. The identity of the monarch of Croatia-Slavonia and of Hungary appears to have been first established with the accession of Koloman, of the House of Anjou, in 1102.

Throughout the second period of Croatian history, from 1192 to 1437, although the State was under the sway of the Houses of Arpad, of Anjou, of Naples, and of Luxemburg, in turn, its individuality was maintained. Throughout the twelfth and down to the first half of the fifteenth century, the history of Croatia was filled with quarrels with Venice; for the great republic cast covetous eyes upon the wooded shores opposite her. The power of Venice enabled her to get her own way,

<sup>1</sup> *National Review*, November, 1908; Eisenmann, p. 542.

and the bare, treeless range of the Karst is a witness of the fact to the present day.<sup>1</sup>

The third period of Croatian history, from 1437 to 1699, is that of the Turkish wars. By the end of the fifteenth century the tide of Ottoman invasion had crept up as far as the Save, and the newly reached line of defence of the Christian West offered a stubborn resistance to the Turkish onslaught. In the decimating wars which terminated with the Peace of Karlovitz, agriculture was neglected, villages were depopulated, while the people flocked to the nearest town or castle, or to the woods, for refuge. In this period the frontiers of Croatia were gradually organized on a military basis into two commands, one in Varazdin for the Slavonian, and the other in Karlstadt for the Croatian frontier; between the two lay the Banal frontier, which was administered autonomously. At the commencement of this period, in 1572, the terrible revolt of the serfs took place, which was suppressed with extraordinary cruelty.<sup>2</sup> In 1712 the Croats accepted beforehand the principle of the Pragmatic Sanction, and were thus the first to satisfy the wish of Charles II.<sup>3</sup>

The military frontier was reorganized in 1734 in three districts, and the whole was placed directly under the control of Austria. The eighteenth century in Croatia was a period of closer centralization and closer domination from Vienna, but there came little mitigation of the local tyranny either of the magnates or of the imperial generals. Hence another revolt of the peasantry in 1755, which was again put down with great brutality. The efforts of Maria Theresa and her

<sup>1</sup> Mayer, pp. 17, 18; *National Review*, November, 1908.

<sup>2</sup> Mayer, pp. 19, 20.

<sup>3</sup> Cf. *supra*, p. 45, footnote 2. The document known as the Pragmatic Sanction was first produced at a meeting of the Privy Council in Vienna on April 19, 1713. In March, 1712, the Croatian Diet passed a resolution that Croatia accepted as its ruler whatever person might succeed to the possession of the hereditary provinces of Austria. Whether the resolution of 1712 may be said to have taken effect when the Privy Council adopted the Pragmatic Sanction in 1713, as implied by the note on p. 45, or whether it only became valid when sanctioned by the Hungarian Parliament in 1723, is a disputed point (cf. Hugessen, vol. i., p. 186).

son Joseph II. to improve the condition of the people culminated in the patent issued by the latter in 1785, for the emancipation of the peasantry. Other reforms of that monarch brought about closer relations between the nobility of Hungary and Croatia, with a view to resisting his Germanizing tendencies.

The Napoleonic period has left a more permanent mark on Croatia. In 1805 Dalmatia, and in 1806 Ragusa, fell into the hands of the French, and the Peace of Vienna gave Napoleon the Croatian lands up to the Save. The result was the formation of a new State out of the seven Illyrian provinces: Carinthia, Carniola, Istria, Military and Civil Croatia, Dalmatia, and Ragusa.<sup>1</sup> Thus the Illyrian idea took a concrete form under Marshal Marmont as Duke of Ragusa. The French régime was very beneficial to Croatia. The Code Napoléon was introduced, the Church tithe was abolished, and the Church indemnified for the loss; feudal service was also abolished outright, schools were built, roads were made, like the great highway, 132 kilometres in length, from Fiume to Karlstadt. An academy for agriculture, industry, and commerce, was founded at Spalato, and encouragement was given to the plantation of vines and potatoes.

After the downfall of Napoleon, the Austrians again took possession of Croatia, and all the French decrees were withdrawn at the instance of the nobles. The Napoleonic period, however, left its mark, and the national feelings fostered thereby led first to a national regeneration under Francis I., and next to the outbreak of the South Slav or Illyrian movement in the reign of Ferdinand V.<sup>2</sup>

In 1848 the Croats threw themselves into the struggle between Austria and Hungary, and fought nominally in defence of the unity of the realms of the Hapsburgs, but really for their own national idea.<sup>3</sup> The address presented by the Diet to the Crown on June 5, 1848,

<sup>1</sup> Mayer, pp. 20, 21.

<sup>2</sup> Mayer, p. 21.

<sup>3</sup> *National Review*, November, 1908, p. 472.

gives the clue to Croatia's action in the past and the essence of her ambition for the future. The address runs as follows: "The triple kingdom of Croatia, Slavonia, and Dalmatia, reserves to itself the right to unite, not only the sister races now living under Austrian domination in Styria, Carinthia, Carniola, Istria, Goritz, and the islands, but also in connection with the districts belonging to Turkey, should these be recovered, to found a Southern Slav kingdom."

(After Vilagos, Croatia found she had "put her money on the wrong horse," and complained, not without reason, that her loyalty was rewarded by the same treatment that had been meted out to Hungarian revolt. In 1861 Croatia refused to send deputies to the central Reichsrath created by the Emperor for all his dominions, and in the address presented to Francis Joseph on September 24, 1861, stress was laid on the fact that "closer political connection with Hungary is the best guarantee of the constitution, for a union of forces enables a more successful resistance to be offered to the encroachments of Austria's power of absolutism."<sup>1</sup> This action on the part of Croatia alienated the sympathy of the Crown, and therefore, when the Austro-Hungarian settlement was made in 1867, Croatia was left to make the best bargain she could with the Magyars.<sup>2</sup>)

According to Hugessen, far greater concessions were made to Croatia in 1868 than she was historically entitled to claim; but Eisenmann, it must be repeated, maintains that both law and history justify the pretensions then made good. Certainly the privileges recognized, though far-reaching, were not those of an autonomous State. Croatia has her own coat of arms, surmounted by the crown of St. Stephen, and her own flag, which is hoisted alongside that of Hungary when Parliament is occupied with the discussion of Hungaro-Croatian common affairs. Further, the second

<sup>1</sup> *National Review*, November, 1908, p. 472.

<sup>2</sup> Lowell, "Governments and Parties in Continental Europe," vol. ii. p. 147.

section of the governing Act requires that the inaugural diploma shall be published in Croatian as well as in Hungarian, and shall contain a guarantee of Croatia's territorial integrity and constitution.<sup>1</sup> The official language for Croats is Croatian, and the territorial army in Croatia is commanded in Croatian. (At the head of the administration is the Ban, who is the nominee of the Hungarian Prime Minister, and the representative of the King to the autonomous Government at Agram. The Ban, indeed, is, with the exception of the State railway, what the Magyar party describes as the "one outward and visible sign of Hungarian political unity and Hungarian sovereignty in Croatia." The Ban does not come in direct contact with the King, as he would necessarily do if he were the chief official of an independent State, but he communicates with the Crown through the Croatian member of the Hungarian Ministry, who is responsible to the Hungarian Parliament, and whose counter-signature is necessary to give validity to the counter-signature by the Ban of official nominations and other royal acts.)

By the settlement of 1868 certain affairs were recognized as common to the whole of the lands of St. Stephen's crown — namely, the army, finance, trade, posts, telegraphs, and railways. In the regulation of these common affairs (Croatia has a voice by means of her forty deputies to the Lower and three deputies to the Upper House of the Hungarian Parliament. Thus the Hungarian Parliament, reinforced by the Croatian deputies, legislates as regards the common affairs, but the administration is reserved to the Hungarian Cabinet. In the delegations, the joint deliberative body of the monarchy, Croatia has also her representation of five members, a privilege which, if it does not recognize "trialism," at least places Croatia on a totally different footing from that of any of the other provinces in the monarchy.

At the same time the settlement of 1868 left a

<sup>1</sup> *National Review*, November, 1908, pp. 472, 473; Eisenmann, p. 542.

wide field to the local authorities, including education, police, the administration of justice, and a large part of the ordinary civil and criminal law.<sup>1</sup>

Croatia has its own organs of government, the most important of which is the Diet, or legislature, which must be summoned annually, and the adjournment or dissolution of which is subject to the pleasure of the King, whose sanction is necessary to the validity of its acts.

All taxes are voted by the Hungarian Parliament and collected by the Hungarian Ministry of Finance, a proportion of the revenues being appropriated for the local expenses by the Diet. The financial relations between Croatia-Slavonia and Hungary have been revised several times, namely, in 1873, 1880, 1881, and 1906.

The last financial settlement secured to Croatia-Slavonia the right to 44 per cent. of the Croatian revenue for its autonomous administration, not at all an unfair arrangement if Croatia-Slavonia really receives it; but that, as we shall see later on, is a disputed point.<sup>2</sup>

## 2. THE LAND AND THE PEOPLE.

(Croatia-Slavonia lies midway between the equator and the North Pole, and includes an area of 16,423 English square miles, with a civil population in 1900 of 2,400,766, and a total population of 2,416,304—that is, 147 persons to the square mile.

The kingdom can be divided into three distinct regions differing in soil and climate—the Coast-land, the Karst, and the Croato-Slavonian Mesopotamia. Though rich in harbours, Croatia gets little benefit from her indented coast, since between the sea and the hinterland rises the Karst, “the stepchild of Nature,” with its rocky barrier of mountains and ravines. The littoral

<sup>1</sup> Mailath, *Questions Diplomatiques et Coloniales*, November 1, 1907, p. 571; Mayer, pp. 1, 22; Lowell, vol. ii., p. 148. Cf. Appendix, Text of Settlement.

<sup>2</sup> Mayer, p. 1; Lowell, vol. ii., pp. 148-151; *National Review*, November, 1908, pp. 473, 474; “Hungary of To-day,” pp. 394-399.

has a luxuriant vegetation, in sharp contrast to the barren mountain district over whose treeless waste the Bora sweeps. In the Mesopotamia of Croatia-Slavonia the hills are less formidable, and the slopes are rich in vineyards, while the low ground, which extends over 5,800 square miles, and is a continuation of the Hungarian Plain, can boast some of the most fertile land in Europe. Generally speaking, Slavonia may be said to be a flat, and Croatia a mountainous, country.<sup>1</sup>

As regards climate there is a similar variation. Southern Croatia enjoys the mild warmth of the Mediterranean, with its lemon-groves and fig-trees, whereas in the north and west of Slavonia the climate resembles that of the Baltic; great heat follows great cold, summer and winter come close upon one another with hardly any interval of spring or autumn. Of the rainfall, the Karst gets the largest share, but the rain falls between the stones, with but little effect on the fertility of the land, as compared with that produced by a smaller rainfall in the other districts.<sup>2</sup>

The oldest inhabitants of modern Croatia-Slavonia were the Illyrians, who came first into collision with the Romans in 129 B.C., and were finally conquered in 15 B.C. The ancestors of the present Croats, who came from the Kief district of Russia, settled in these regions in the seventh century.

In the Middle Ages a strong Italian element was introduced, and finally, in the sixteenth and seventeenth centuries, the population was permanently and radically altered by a great immigration of Serbs. At one epoch at the end of the seventeenth century it is stated that from 30,000 to 36,000 Servian families came into the country, fleeing from the Turkish yoke.

At the present time, of the total population, 87·15 per cent. is Croato-Serb. The relations between the Croatian Catholics and the Orthodox Serbs have always been

<sup>1</sup> Mayer, pp. 5-7, 11; "Statesman's Year-Book," 1908, p. 762; "Encyclopædia Britannica," new volumes, vol. xxix., p. 353.

<sup>2</sup> Mayer, pp. 12-14, 16.



strained, religion being the main bone of contention. Roman Catholicism is the dominant religion, with 71·3 per cent. of the population adhering to it ; while the Orthodox Church claims 25·52 per cent. The Magyars number 3·76, the Germans 5·58, the Czechs 1·82, the Slovenes 0·82, and the Slovaks 0·82, of the population.

The number of illiterates is high ; only 44·4 per cent. of the population are able to read and write, in spite of the Government activity with regard to education, and the sums which are spent upon it. The need for raising the cultural and economic status of the people is now being brought home to the Government by the serious emigration and the extreme difficulty of obtaining day labour, which now gravely affects agriculture. (In the seven years ending with 1905 the emigration from Croatia-Slavonia reached the number of 148,395, to which 25 per cent. more must be added, because a large number leave the country without passports, and are therefore not included in the official statistics. In 1905, 25,518 emigrated, 20,169 going to the United States, the rest to Germany, Roumania, Hungary. This last emigration is temporary in character. In 1907, 26,079 persons emigrated, 7,843 returned, while the sums sent home by prosperous emigrants from abroad amounted to 83,000,000 crowns. About six-sevenths of the emigrants are males.)

The annual increase in the population is large. The total population rose from 2,416,304 in 1900 to 2,537,349 in 1904. The birth-rate was 41·2 per 1,000 of the population, not counting still-births, from 1896 to 1900. The marriage-rate in the same period averaged 18·2 per 1,000 ; while the death-rate, the most favourable feature in the vital statistics of Croatia-Slavonia, has sunk to a marked degree in comparison with former decades averaging 29·9 from 1896 to 1900. The high birth-rate is due in part to the traditional early marriages which the Zadruga system fosters.<sup>1</sup> The Zadruga, or House

<sup>1</sup> Mayer, pp. 19, 20, 23, 24, 26, 28, 29 ; *National Review*, November, 1908 ; "Hungary of To-day," pp. 300, 302 ; Mailath, *Questions Diplomatiques et*

Communion, is a patriarchal community now rapidly disappearing, in which several families lived and worked together. This system obviated the difficulty of supporting a house in the case of younger members desirous of marriage, and at the same time solved some difficult labour problems by preventing the growth of a proletariat, and ensuring the advantage of co-operation in production, in sale of products, and in the purchase of tools or machinery. This primitive system was bound to vanish, and its decline was advancing fast at the end of the nineteenth century.<sup>1</sup>

### 3. AGRICULTURE.

Croatia-Slavonia is essentially an agricultural country, though here, as elsewhere, industrialism is on the increase. In 1890, 84·67 per cent. of the whole population was engaged in agriculture, forestry, vine-growing, and gardening. In 1900 the proportion had fallen to 82·19 per cent. The decrease, however, is not serious, and agriculture remains by far the greatest industry.

A century ago Croatia-Slavonia was a wild, uncultivated country, with its deep swamps, vast forests, pathless mountains, and wide plains. Methods of agriculture were thoroughly primitive. The land was worked on the three-field system, with its attendant waste of time and defective cultivation. The rough, heavy plough had to be taken from one to another of the scattered plots. Manuring was neglected, unripe seed was frequently used for sowing, and half the lands lay idle.

In the last few decades not a little has been done to improve cultivation. The three-field system, it is true, still obtains, but to an ever decreasing extent; the six-field system, and even rotation of crops, has been introduced. The consolidation (*Kommassation*) of the holdings has been seriously undertaken, and has had excellent results where it has been carried out.<sup>2</sup>

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*Coloniales*, November 1, 1907; Mayer, pp. 24, 26-28; "Encyclopædia Britannica," new volumes, vol. xxix., p. 354.

<sup>1</sup> Mayer, pp. 26-28.

<sup>2</sup> Mayer, pp. 24, 26, 56-60, 64, 66-68.

Again, education has received attention, and considerable sums have been spent on the foundation of technical schools since the ordinance of 1853. The Government has been particularly active in recent years, and, amongst other noteworthy institutions, mention must be made of the Seed Control Station, the Bacteriological and the Agricultural Institute. On the whole, however, Croatia-Slavonia must still be reckoned as one of the countries with an extensive system of cultivation.<sup>1</sup>

Of the three classes of holdings—large, medium, and small—the second is least represented. The advantage of middle-sized properties has, however, been recognized, and the difficulty experienced by large owners in obtaining labour is a further inducement to the breaking up of the vast estates. The division of the very large properties (*Parzellierung*) has now become a great business, in which the banks are largely interested, and which presents a great field for activity. One remarkable feature is the extent to which the land is cultivated by its owners, and the very small proportion of tenants and usufructuaries holding land.

According to Mayer, no less than 91·37 per cent. of the properties are worked by their owners (*Eigenbetriebe*); 1·43 per cent. are usufructuaries (*Nutznießungsbetriebe*, chiefly Church property); 1·82 per cent. is worked by leaseholders (*Pachtbetriebe*); and 5·38 per cent. are mixed (*Gemischte Betriebe*). A comparison with other countries will give emphasis to these figures. In England 86 per cent. of the agricultural area is rented; in Belgium, 64 per cent.; France, 47 per cent.; Netherlands, 45 per cent.; Germany, 12 per cent. The renting system has obvious advantages as far as cultivation is concerned, for the tenant's capital is chiefly invested in working the estate.<sup>2</sup>

According to the census of 1895, there are 2,371,288 cadastral joch of arable land, the chief agricultural districts being Syrmien, Agram, Belovar, and Virovitica counties. The chief crops grown in Croatia-Slavonia

<sup>1</sup> Mayer, pp. 71-76; see pp. 60-64.

<sup>2</sup> Mayer, pp. 60, 64-70.

are wheat, rye, barley, oats, potatoes, and maize, maize being cultivated over the most extensive area (695,602 cadastral joch), and yielding the largest return (4,670,034 metric centners). Of the root crops, potatoes are most widely grown, and form with vegetables, also largely grown, a staple item of the peasant's diet.<sup>1</sup>

In the matter of tobacco cultivation the country is behindhand, although conditions are favourable to tobacco-growing in Croatia, and the production of tobacco in Croatia-Slavonia by no means satisfies the home demand, the import being valued at 15,000,000 to 20,000,000 crowns, a sum which might remain in the country if the tobacco plant were properly cultivated.

Another product for which the soil of Croatia is especially suited is fruit. Great interest is now being shown in its cultivation, and scientific knowledge is being applied to what was long a neglected branch of agriculture. The most important fruit is the plum, upon which the brandy production of the province largely depends, but the excellent crops of cherries, apples, pears, and nuts, add considerably to the wealth of the people in Croatia.

The cultivation of the vine, although an industry of great antiquity, has been marked by the same want of scientific knowledge evinced in other branches of agricultural production. Nevertheless, until the appearance of phylloxera in 1880, and the subsequent devastation of the vineyards, wine production was important. In 1886 the production of wine amounted to 1,500,000 hectolitres, and the vineyards under cultivation covered 117,754 cadastral joch. As a result of the epidemic of phylloxera, the area under cultivation fell to 38,502 cadastral joch in 1905; but the Government has done its best to cope with this terrible plague, and the wine production is rising in consequence. Its value in 1905 was 21,000,000 crowns.

The forests of Croatia-Slavonia extend over 35·74 per

<sup>1</sup> Mayer, pp. 79, 80, 84, 87-89; "Encyclopædia Britannica," new volumes, vol. xxvii., p. 291.

cent. of the cultivable area, the value of the woodlands being estimated at not less than 800,000,000 crowns. Until the second half of the nineteenth century little care was taken of the woods. The Venetians had begun the work of clearing, which was continued by the Turks, while the people themselves attached little value to the forests until the development of means of communication commenced.<sup>1</sup>

To-day, however, the value of the woods is fully realized; the growing wood trade and the enhanced price of wood induce all alike, Church and State, commune and large private owner, to develop their forests and to prevent their destruction by the herding of goats. Nevertheless the forests are susceptible of greater development. The rich woodlands of the east should be preserved from the floods, which do them so much harm. Railway communication must be extended, and the reforestation of the Karst region, which is naturally an excellent woodland, should be undertaken, and would prove a profitable enterprise. The price of wood varies, it is true, in the world market, but it is more likely to rise than to fall in the future.<sup>2</sup>

Cattle-rearing has been described as the traditional industry of the Croats, at once "their pride and their wealth." In the middle of the nineteenth century, cattle-breeding had somewhat given place to grain-growing owing to the consolidation of holdings, which included enclosure of pastures. In recent years, however, the first vigorous productiveness of the virgin soil has diminished, and the price of meat has risen, two facts which have turned the attention of agriculturalists back to stock-rearing.

Croatia-Slavonia is well fitted for cattle-farming, and conditions are particularly favourable between the Karst and the Slavonian plain. The pastures, although they have been neglected, are naturally good, and give good

<sup>1</sup> Mayer, pp. 88-91, 94, 96-100, 102-105; "Encyclopædia Britannica," new volumes, vol. xxvii., p. 291.

<sup>2</sup> Mayer, pp. 105-109.

grazing. The export of horses, cattle, pigs, sheep, and goats has greatly increased, largely owing to the intelligence and industry of the chiefs of the economic section of the Agram administration.

In 1896 the value of the export of animals was 13,498,610 crowns, a figure which rose to 63,285,900 crowns in 1905. Cattle-rearing is to-day the most profitable branch of Croatian agriculture. The commercial treaties of the monarchy concluded in 1906 with the western European States have raised the tariffs for cattle exported to Germany, Italy, and Switzerland, but they still give adequate ground for the further development of cattle-rearing in Croatia-Slavonia.<sup>1</sup>

The breeding of cattle and horses suffered from injudicious crossing at the beginning of the nineteenth century, and further the feeding, stabling, and general care of the animals was very defective.<sup>2</sup>

In recent years enquiries have been made into the whole question of breeding, with the result that more scientific methods are now being employed. Pig-farming is also an extensive industry, and in recent years poultry-farming has become an excellent auxiliary source of income to small owners. Sheep and goats have greatly declined during the last century. The restriction of the pastures owing to enclosures, and the competition of Australian wool, finally the 1896 duty, which seriously affected the trade in sheep with France, have combined to prejudice this branch of farming. Goat-herding has diminished owing to the regulations for the preservation of the forests.<sup>3</sup>

In conclusion it may be said that, while great efforts have been made in recent years to improve agriculture in all its branches, much remains to be done, for the country is at present favoured by natural rather than economic conditions. Cattle-breeding and horse-breeding have greatly risen; fowls, eggs, and fruit, are a source of great prospective wealth; and forests already

<sup>1</sup> Mayer, pp. 110-113.

<sup>2</sup> Mayer, pp. 118, 120, 123.

<sup>3</sup> Mayer, pp. 139, 140, 146-148, 151, 154, 161.

yield a large return. Yet care is still needed in all these branches of economic life. For the real progress of agriculture, consolidation must be extended, methods improved, and technical education developed. Meadows and pastures must in some cases be drained, in others irrigated; finally, if the best results are to be obtained, the labour question must be solved by making conditions more attractive, communications must be increased, and the rivers systematically regulated.<sup>1</sup>

Nor are the inhabitants of these fair provinces to look to the State alone. Private bodies and private individuals can do much, and first and foremost the Roman Catholic Church can, in the wide estates committed to her charge, follow the example of the great landowners, like Count Pejacsevich, who have done so much for the improvement of agriculture.

#### 4. INDUSTRY AND COMMERCE.

As an agricultural country possessing little capital, one would expect that the principal industries of Croatia-Slavonia would belong to the categories of hand work and home work. But modern development has commenced, and though 68 per cent. of the industrial undertakings are carried on by the proprietor, almost half of the cases where assistants are employed are in large industry. At the same time, (thriving industries, such as shipbuilding, have been ruined by the pressure of foreign competition.)

Nevertheless, the proportion of the population employed in industry increases year by year. (In 1900 the chief industries were: Clothing, which occupied 22·87 per cent. of the industrial population; food industries, which employed 18·11 per cent.; building, 12·59 per cent.; iron, 12·47 per cent.; and wood, 7·87 per cent.) It is noticeable that clothing, which employs nearly a quarter of the industrial population, is almost entirely a small industry, and that the wood trade, which is growing

<sup>1</sup> Mayer, pp. 162, 163, 166, 167.

with the improvement of communications, is an industry of some international importance. The milling industry is here, as in Hungary, vigorous, while brewing is flourishing.<sup>1</sup>

The mountains of Croatia are rich in unexploited minerals, but, partly owing to the fact that industry is still undeveloped, that communications are defective, and that the local coal is not thoroughly mature, production is small. The total value of the iron extracted only amounted in 1903 to 523,793 crowns, and that of the lignite mined to 1,834,057 crowns.

Although by its geographical position, as the link between the East, the West, and the North-West of Europe, Croatia-Slavonia seems marked out as a centre of traffic, yet political forces have stood in the way and prevented the realization of this excellent prospect.<sup>2</sup> In Croatia-Slavonia, as in other countries of South-Eastern Europe, commercial activity was abruptly arrested in the Middle Ages by the irruption of the Turks, and commercial life did not really awaken till more than a century after the pressure of the Ottoman had been removed. The intelligence and initiative of the people had been so long stifled, and the country had been reduced to such a wilderness, that an era of enlightened government was necessary to arouse the population and develop the germs of civilization. This was the work of France in the short period of her domination at the commencement of the nineteenth century.

The chief arteries of traffic were for long the splendid French roads built during the Illyrian period, and, in view of the defective railway communication and the unnavigable character of the rivers, these roads are to this day more than ever indispensable for trade. The four chief highways were the Luisenstrasse, which connected Fiume and Karlstadt; the Karolinenstrasse, from Karlstadt to Kraljevica; the Rudolfinenstrasse, from Ogulin to Novi on the coast; and the Josefinenstrasse, from Karlstadt to Gospic and Zengg.<sup>3</sup>

<sup>1</sup> Mayer, pp. 37-39, 40-42.

<sup>2</sup> Mayer, pp. 44, 45.

<sup>3</sup> Mayer, pp. 45, 47.



From the beginning of the nineteenth century the increase of trade in Croatia and Slavonia has been largely due to the development of communications, and this development still continues. The total length of roads, State, provincial, and communal, increased from 18,434 kilometres in 1884 to 19,000 in 1898. The communal roads especially show a great advance. The prevalent lack of labour, and its expense when obtained, had proved a great obstacle to the construction of highways. Slavonia especially suffered from dearth of labour, and thus in the years 1873 to 1890, while in Croatia 975 kilometres of carriage-road (*Fahrstrassen*) were built, at a cost of 9,780,820 crowns, in Slavonia 651 kilometres were constructed, at a cost of 11,078,164 crowns.<sup>1</sup>

The first railway in Croatia, with a length of 76 kilometres, was built in 1862 by the Südbahn Gesellschaft. By the year 1904 there were 1,880 kilometres of line, but in spite of this extension the Croato-Slavonian railway net is still woefully deficient, and in Lika Krbava, for instance, there is no railway communication of any sort, State or private, at the present time. (The State railway which connects Hungary with Fiume is in Hungarian hands, and that seaport, which is entirely under Hungarian control, has been given such a preference that the other harbours on the Croatian coast have been practically starved.<sup>2</sup> Further, in the matter of railway tariffs, Croatians seem to have good grounds for complaint; for instance, it appears that it is cheaper to pay the freight of an article to a Magyar centre, such as Buda-Pest or Fiume, and from thence back to a town which it has already passed on the way, than to pay the direct rates.) Thus, matches from Esseg bound to Mostar can, I am assured, most profitably be sent first to Buda-Pest, and thence back via Esseg to Mostar.

Another means of communication which has been

<sup>1</sup> Mayer, p. 48.

<sup>2</sup> Mayer, pp. 47-50, 52; *National Review*, November, 1908, p. 475.

little developed up till now is the river system. Owing to the lack of regulation, and the consequent floods, the rivers are of small use for purposes of navigation, and river traffic is consequently almost wholly neglected. Of all the work urgently required for the improvement of communication, none is so urgently needed as that of river regulation.

Special statistics relative to Croatian export and import are not obtainable, but it is estimated that the bulk of the exports consist of the products of agriculture and forestry, such as cattle, skins, wood, wheat, flour, and wine; while textiles, coffee, and sugar, form the bulk of the imports.<sup>1</sup>

(The best customer of Croatia-Slavonia is Austria, and it is important to bear that fact in mind when the dissolution of the Austro-Hungarian monarchy is spoken of. These countries are bound together by economic interests as well as by long traditional intercourse, and these chains grow stronger every day, especially as the feeling gains ground among Croats that the fullest development of the South Slav nationality can be obtained under the ægis of the dual monarchy without the help of Northern Pan-Slavists. The failure of a recent attempt at realizing economic solidarity with the Czech branch of the Northern Slavs, and the hard terms exacted in 1907 by Slavonic brethren, have, I am told, contributed not a little to strengthen this view.

##### 5. FINANCE.

The capital market of Croatia-Slavonia is subject either directly or indirectly to the influence of the Austrian bank system, so that the crash of 1873, with its immediate loss and long stagnation, from which the market has not yet recovered, profoundly affected Croatian finance. Nevertheless there has been an improvement, which is evidenced by the small number of insolvencies resulting from the last monetary crisis.<sup>2</sup>

<sup>1</sup> Mayer, pp. 47-49.

<sup>2</sup> Mayer, pp. 30, 31, 166.

Capital is provided in Croatia-Slavonia by three kinds of credit institutions, banks, savings banks, and credit associations. As in Hungary, the savings banks are industrial rather than benevolent associations, receiving money deposits for use in safe banking business. Joint stock banks are few in number, the most important being the Croatian Discount Bank in Agram. The clientèle of the bank is composed to a great extent of men in a large way of business. Credit associations are chiefly engaged in giving credit to the small holders, particularly in connection with the dissolution of family communities, and their business lies principally in mortgages and bills of exchange, which is the main occupation of all Croatian credit institutions.

In recent years Croatian monetary associations have made excellent progress, and the capital handled by them rose from 85,000,000 crowns in 1890 to 372,000,000 crowns in 1904. In 1900 Croatia-Slavonia had 253 banks. The value of deposits (savings included) in the whole kingdom at the end of 1900 was 2,088,500,000 crowns (24 crowns = £1).<sup>1</sup> The two great features of Croatian banking at the present time are, on the one hand, owing to cheap money, a somewhat feverish activity in founding new banks, and, on the other hand, a growing movement in the direction of concentration. Thus, the First Croatian Savings Bank has taken over a number of provincial institutions, and runs them as branches. There are two other credit institutes which must be mentioned in passing: the Austro-Hungarian, which has three branches in Croatia-Slavonia; and the Post-Office Savings Bank, in which latter department 32,674,000 crowns were deposited in 1900.<sup>2</sup>

(The financial relations with Hungary, one of the many sources of friction between Agram and Budapest, are regulated by agreement, and, as it seems—at any rate at first sight—with generosity on the part of Hungary, 44 per cent. of the Croatian revenue being

<sup>1</sup> "Encyclopædia Britannica," new volumes, vol. xxix., p. 357.

<sup>2</sup> Mayer, pp. 34-37; "Encyclopædia Britannica," new volumes, vol. xxix., p. 357.

applied to the needs of the autonomous Government under the last financial settlement, which was made by the law of July 29, 1906. In Croatia, however, unfortunately, the belief is current that this proportion is fictitious. The entire revenue goes to Buda-Pest; there the calculation is made, but the accounts cannot be examined. Croatia is therefore, according to this view, in the position of a firm which cannot examine its own books.

Another financial grievance is that Croatia contributes to the expense of the public works (*Investitions*) loans, which are carried out chiefly in Hungary, while Croatia gets no return on the Croatian money invested in Croatian railways; that is, it is not credited to Croatia in reckoning the State revenue.

Croatia also complains that her credit relations with Hungary are not satisfactory, because she (Croatia) covers her credit needs largely through the Austro-Hungarian Bank, whereas the specifically Hungarian institutions have little connection with Croatia. Moreover, Law 3 of 1907, for the promotion of industries, compels the new industries which desire State support to supply all their needs—for instance, in the shape of machinery—by purchases in Hungary; further, in respect of the distribution of the sums actually granted to subsidize industry, sufficient attention is not paid to the special needs of Croatia; moreover, of the total amount granted, it is asserted that she receives too small a share. We have also already seen, in the introduction to Hungarian affairs, that a well-founded grievance appears to exist in the habitual misappropriation of the revenues derived from Croatian railways for the use of the secret service of the ruling party in the Hungarian Parliament.

Against all these complaints must be set the fact that Croatia's autonomy lays a considerable financial burden on Hungary.<sup>1</sup> The settlement of 1868 fixed the proportion in which the two parts of the realm should

<sup>1</sup> *National Review*, November, 1908.

participate in the common expenses at 93·56 per cent. for Hungary, and 6·44 for Croatia-Slavonia. In 1880 the quota was altered to 94·43 and 5·57, and again in 1888 to 92·06 and 7·94. The Croatian quota is based upon the returns of taxation, and holds good for the same period as the quota between Austria-Hungary. The quota has never really been applied since 1868, as, if Croatia-Slavonia applied its public revenues to common expenses, it would be unable to bear the expense of internal administration.<sup>1</sup>

Under the settlement Hungary guaranteed that Croatia should always have 2,200,000 florins for her own use; and if 45 per cent. of the Croatian revenue does not in any year make up that sum, the payment to Hungary is reduced by that proportion. If it should amount to more, Croatia would gain that amount. Clause 27 in the constitution of 1868 provides that Croatia shall not be bound to repay any sum out of the 55 per cent. that Hungary may have to remit.<sup>2</sup>)

The internal administration of Croatia-Slavonia figured in the common Budget for 1902 at the sum of 6,928,116 florins, to which should be added the stamp indemnity, 180,000 florins, and the returns of the consumption tax on meat and wine, which together amount to a total of almost 7,500,000 florins. If this figure is compared with that of the corresponding expenditure of Hungary, which, deducting the revenue of the three special Ministries (Justice, Interior, and Public Instruction), rose to 84,362,000 florins for ordinary and extraordinary expenditure, it is somewhat difficult to understand the complaints of the Croatians on this score. On the other hand, since 1908 the most important indirect taxes upon articles consumed in Croatia-Slavonia, especially those on sugar, petroleum, spirits, and beer, have to be paid at the place of production, mainly in Hungary, instead of, as formerly, in Croatia.

<sup>1</sup> Vautier, "*La Hongrie Économique*," pp. 118, 119; Jekelfalussy, "*L'État Hongrois Millénaire*," pp. 606-608.

<sup>2</sup> R. P. Mahaffy, "*Francis Joseph I.*," p. 143.

They are therefore comprised in Hungarian revenue. As a result the revenue of Croatia is decreasing at the rate of £20,000 a year, and the growing needs of education, etc., will have to be neglected.<sup>1</sup> It is characteristic of Austro-Hungarian politics that this grievance attracted far less attention in 1908 than the less material grievance of the substitution of Hungarian for Croatian names at the railway-stations.<sup>2</sup>

## 6. RECENT HUNGARIAN VICEROYS.

The Ban of Croatia is the nominee of the Hungarian Government, but in relation to the Diet he is the constitutional head of the Government, and it is his duty to pursue a policy in accordance with the local interests and the local autonomy.<sup>3</sup>

Since 1868 the successive Bans have found themselves in a position of great difficulty. The Croats have never abandoned the Illyrian idea and the hope of establishing a great Southern Slav kingdom. Consequently they have never lost an opportunity of taking sides against the authors of their limited independence, and there is no doubt that, "in any decisive struggle between Austria and the Magyars for the reconstitution of the Empire on a federal basis, Croatia will hold the key."<sup>4</sup>

At the present time the Government is being conducted without the help of the Diet. (For twenty years (1884-1908) Count Khuen Hedervary ruled the country and kept together a philo-Magyar majority. After his departure, under Count Pejacsevich, the Magyar party weakened, but there is no doubt that the Fiume compact between the supporters of the present coalition at Buda-Pest and the Croats ruined the philo-Magyar party which supported Count Tisza. Count Pejacsevich was succeeded in 1907 by the present Ban, Baron

<sup>1</sup> Vautier, p. 119.

<sup>2</sup> Scotus Viator, "Racial Problems in Hungary,," pp. 509-511.

<sup>3</sup> *Agramer Zeitung*, September 26, 1908.

<sup>4</sup> *Fortnightly Review*, November, 1908; *National Review*, November, 1908.

Rauch, who, when the Diet was dissolved, found himself face to face with an anti-Magyar movement which swept the polls. The result is that, although personally a Liberal, he is reduced to governing the country despotically without the help of the Diet. In fact, his methods and policy do not differ much from those of Count Khuen Hedervary, whom he stoutly opposed; but Count Hedervary at any rate obtained a philo-Magyar majority to back him in his action.

The Diet is only summoned for short periods, and then prorogued, to the great disgust of the members, who only receive their pay while it is actually sitting. At the present time it is a body composed chiefly of lawyers and priests, who form respectively 43 and 22 per cent. of its number. It is most desirable, whatever the future may be, that a larger number of persons who have a stake in the country should take an interest in the local politics.<sup>1</sup>

Count Khuen Hedervary increased the length of the railway lines from 643 to 1,503 kilometres, and the roadways from 4,657 to 5,528 kilometres. He constructed nearly all the technical schools which exist in the country—namely, sixteen institutes for agriculture, industry, and commerce. The communal woodlands were regulated by the same administrator, who also roused agriculture from its lethargy and put it on a higher plane.

Count Pejacsevich came into office when political questions dominated the situation, but he also showed himself ardent in the cause of Croatia's material interests when opportunity arose. Thus, when Hungary raised the question of economic separation from Austria, he energetically opposed a measure which would most seriously have affected Croatia's export trade in cattle, eggs, wine, flour, wheat, and fruit, of which Austria is the best market.)

Baron Rauch has also set forth as his aim the economic development of the country. Unfortunately,

<sup>1</sup> *National Review*, November, 1908.

purely political questions occupy public attention to such an extent as to drive economic problems into the background, though the latter are far more important than the former from the point of view of the welfare of the Croatian nation. The most pressing problems lie before the present Ban, who has the advantage of being himself a practical agriculturalist. The first is the regulation of the law of inheritance, which at present leads to excessive subdivision of property, and the consequent weakening of the peasant class, together with the colonization by native-born agriculturalists of the thousands of hectares of land which have been rendered accessible to cultivation by drainage in the last ten years. Out of the 43,533 square kilometres which make up the country, no less than 4,300 have been drained in recent years and made properly cultivable. Another problem is that of directing into proper channels the relatively vast sums of money which are being poured into the country from abroad by the emigrants.

The dying family community must be replaced by a proper development of the modern co-operative movement, and the peasants freed from the burden of indebtedness. The property held by the Church in mortmain must be regulated and provision made for its better administration. Last, but not least, a determined attempt has to be made to cope with the problem of illiteracy.

Beyond these vital questions at home, there are wider questions, like those of the regulation and direction of Croatian industrial exports towards their natural markets in the Balkans, by the help of a proper railway tariff.

These are the problems which must in the near future be undertaken by the Hungarian representative at Agram, and upon his ability to deal with them much will depend.<sup>1</sup> If he can divert the attention of the people from politics to economics, he will perform a

<sup>1</sup> See *National Review*, November, 1908.



service not unlike that which Sir Horace Plunkett is performing for Ireland; for the Servian Orthodox population of Croatia stands in some respects in the same relation to the Roman Catholic population as Ulster stands in to the rest of Ireland. But the parallel is not complete, for the Orthodox Church right through the Balkans is national, and the Roman Catholic international.

At present there would seem some ground for the Hungarian complaint that the Croatian malcontents are chiefly actuated by a desire to destroy the last vestiges of political union in the interest of the great Southern Slav State.<sup>1</sup> The wonder is that the statesmen at Buda-Pest have not understood the desirability of linking Croatia to Hungary by those economic ties which are to-day the strongest bonds of union.

More than fifty persons were imprisoned at Agram in 1908 on a charge of high treason, but were not brought to trial till January, 1909. Further, according to a statement made by M. Kossuth, the Hungarian Minister of Commerce, at Buda-Pest on October 15, 1908, if the Croatian authorities had not been indulgent, several hundred Croatians would have been sitting behind lock and key for their participation in treasonable Pan-Serb propaganda. It is a pity that that statesman had not tried, while in office, the effect of economic concessions. It is, at any rate, probable that as in Poland with the Northern Slavs, so in Croatia with the Southern Slavs, economic advantage will eventually prove more potent than racial antagonism.<sup>2</sup>

<sup>1</sup> See *National Review*, November, 1908.

<sup>2</sup> "On April 7 this trial was denounced by the *Wiener Zeitung* in scathing terms. The trial, said that journal, appeared tolerable only on the assumption that it would bring to light the thread of Pan-Serb propaganda supposed to have played a part in the secret history of the annexation. Now that the proceedings have revealed nothing save petty political gossip, such as may be heard in many an Austrian province, it is time for the useless scandal to be brought to an end as quickly and as quietly as possible."—*Times*, April 8, 1909. (Cf. "Russian Affairs," p. 331.)

### III.—COMMON AFFAIRS

#### CHAPTER XII

##### THE CONJOINT STATE

1. THE AUSTRO-HUNGARIAN MONARCHY AS A WHOLE : Geographical, Economic, and Military Unity—Racial Inseparability.
2. THE COMMON HISTORY, 1526-1867 : Evolution of the *Gesammt-Staatsidee* under (1) The Holy Roman Empire, 1526-1804 ; (2) Austrian Empire, 1804 to the Revolution of 1848 ; (3) 1849-1867 : (a) Ten Years' Despotism ; (b) Attempts at Constitutional Unity ; (c) Compromise of 1867.
3. THE COMMON INSTITUTIONS.
4. THE ECONOMIC PROGRESS OF THE DUAL MONARCHY AS A WHOLE.
5. THE COMPROMISE AND ITS FUTURE.
6. AUSTRIA-HUNGARY A POLITICAL NECESSITY : The Common Policy of the Austro-Hungarian Monarchy ; Baron Aehrenthal and the Outlook.

##### 1. THE AUSTRO-HUNGARIAN MONARCHY AS A WHOLE.

THE monarchy has been hitherto treated from the point of view of its component parts—the Austrian Empire and the kingdom of Hungary. We have now to consider the conjoint State (the *Gesammtstaat*) as it appears to Europe in its capacity of one of the Great Powers, with a population of more than forty-seven millions, and a total military force of more than two and a quarter million trained men.

According to Leger, Austria-Hungary has neither geographical unity, nor natural frontiers, nor national unity<sup>1</sup>; and this view is shared by the older school of historians. Recent writers have, however, discovered unifying factors in the polyglot State which help to explain its continued existence. Rudolf Springer main-

<sup>1</sup> Leger, "Histoire de l'Autriche-Hongrie," p. 3.

tains that, apart from Galicia in the north and Vorarlberg and the Trentino in the west, the monarchy has geographical frontiers as well marked as any State in Europe. All the natural roads converge to the Middle Danube. No other European State has such a centripetal system of valleys, while the capitals of Vienna and Buda-Pest are natural centres for Austria and Hungary respectively. Buda-Pest, however, although it lies on one of the world-trade routes, is not, like Vienna, the junction of several trade routes, a fact which explains the latter's predominance.<sup>1</sup>

In addition to a certain geographic unity, which was long overlooked, the Donauraich has, if not national unity, yet a substitute which is favourable to a unified State—racial inseparability. Much has been said of the marriage lands of Cis-Leithanian Austria, the provinces which were accumulated by the matrimonial manoeuvres of a clever Court, and united by only one link, moral and sentimental—that of the common dynasty. But there is a further bond of union in the fact that the monarchy is composed of inseparable racial fragments. Each race sees itself surrounded by great unified military powers; but none can hope to stand alone, for all are inextricably mixed together in isolated groups, often so minute that nothing but a map on an enormous scale can give an idea of the labyrinthine tangle.<sup>2</sup> It is a question of absorption, partition, or keeping together, and that on equal terms. Assimilation has not been successful. Dualism was an attempt to realize, in two separate territories, two separate ideals, the German and the Magyar, the attempt to realize one separate German ideal for the whole having failed. Dualism has shown in Hungary as well as in Austria that no one nation has such a preponderance that it can take a portion of the territory of the monarchy, and form unchallenged a national State. The Germans have acknowledged this already, and the day may not be

<sup>1</sup> Springer, "Die Krise des Dualismus," p. 21.

<sup>2</sup> Springer, pp. 9, 21, 22.

far distant when the Magyars will also acknowledge it. Had the monarchy been composed of two or three races only, it would either have been divided up into separate States, or the national fragments would have been absorbed by the neighbouring kindred races. But the number of its elements and their mixture is a guarantee of unity. Had Bohemia lain between two great States, she might, like Holland, have had her existence guaranteed as a buffer State. Fate, however, placed her amidst eight equal and isolated racial fragments in the Danube Valley, and she is therefore obliged to form a component part of what Springer describes as an *Achttheit* which is an *Einheit*.<sup>1</sup>

A further reason for the continuance of the unified Empire, which is more cogent than ever in the twentieth century, lies in its commercial basis. The lands which compose the Austro-Hungarian monarchy supplement each other's needs, and have long been accustomed to each other's ways. In business, this knowledge of the requirements of a market and the habit of supplying them is a far greater advantage than is generally recognized. Vienna is, in fact, the great natural market of Austria-Hungary. Here the circumference of the great Hungarian plain finds a wide doorway on the open flank of the southern lands from Marchegg to Krems, and to the passes of the Eastern Alps from the Wachau to the Wechsel. On this territory the products of mountains, uplands, and plains, are bartered; agricultural and industrial regions are united, woods and meadows, grain crop and root crop lands, vineyards, gardens, and grazing ground. Economically the whole territory is united, and, whether under a Free Trade or a Protectionist régime, it needs an *Ausland* less than any other European State.<sup>2</sup>

Further, the military routes and the lines which natural expansion follows coincide with the trade routes of the monarchy, so that the two first conditions

<sup>1</sup> Springer, "Die Krise," pp. 23-26.

<sup>2</sup> Springer, pp. 28, 29.

of a great power—military and economic unity—are satisfied.<sup>1</sup>

Territorial changes have constantly occurred in Austrian history. Broadly speaking, 1526 is the date of the foundation of the Empire of to-day, since then, for the first time, the hereditary lands of the House of Hapsburg and the kingdoms of Bohemia and Hungary were united under one sceptre. The most important acquisitions made by the Triune State since then have been: the county of Zips, in Galicia, in 1772; the Bukowina, in 1775; and Western Galicia, gained by the third partition of Poland in 1795. A year later, by the Treaty of Campo Formio, Istria, Dalmatia, and the Gulf of Cattaro, fell to Austria. In the nineteenth century the republic of Cracow was annexed (1846), while Bosnia and the Herzegovina were occupied in 1878,<sup>2</sup> and annexed in 1908. At the present time, therefore, Francis Joseph's monarchy includes the empire of Austria, the kingdoms of Bohemia, Galicia, and Lodomeria, and Dalmatia, as well as the apostolic kingdom of Hungary. On the jubilee coins the titles were Emperor of Austria, King of Bohemia, Galicia, Illyria, etc., and Apostolic King of Hungary.

Losses were sustained by the Empire in the course of the nineteenth century, but these have chiefly served to make it stronger and more compact. The loss of Lombardy in 1859 and of Venetia in 1866, which closed the southern gate of the monarchy, and the humiliating years of the sixties, which terminated Austria's rule in Germany, and thereby shut the western door, can only be regarded as providential, since they drove Austrian statesmen to grasp a truth pointed out two centuries ago by Prince Eugene, that Austria's dominating interests lie in the East.<sup>3</sup>

The total area of Austria-Hungary, including the recently annexed territories of Bosnia and the Herze-

<sup>1</sup> Springer, "Die Krise," p. 53.

<sup>2</sup> Leger, "Histoire," pp. 583-589.

<sup>3</sup> Hickmann, "Geistige und materielle Entwicklung," p. 4; *Fortnightly Review*, April, 1906, p. 589; Popovici, p. 411.

govina, is 261,035 English square miles, and the total population, as we have seen, over 47,000,000. The population of Austria-Hungary, without the new provinces, doubled during the nineteenth century, and the town population increased more rapidly in the last three decades than the country population, having risen from 14 to 17 per cent. of the entire population.<sup>1</sup>

The ethnical distribution of the population of the Empire has been illustrated, as far as the principal races are concerned, by Mr. Spencer Wilkinson, by comparing it to a clock-face. The inner circle, in which Budapest is the centre, is inhabited mainly by the Magyars. Round the outer ring, where the figures are, dwell, from VII to X, Germans; from X to XII, Czechs; from XII to I, Poles; from I to III, Ruthenians; from III to V, Roumanians; from V to VII, Serbs of the Orthodox faith and Serbs of the Catholic faith, called Croats.<sup>2</sup> But, as will be seen from the chapter on Racial Problems, the variety of races and the extent to which they are intermingled is far greater than this illustration would imply.

## 2. THE COMMON HISTORY.

The history of the territories of the Hapsburgs as a united empire falls into one long and two short periods. From 1526 to 1848 centralization was the political idea underlying the whole structure. From 1848 to 1867 there was a confused period of war and constitutional experiment, which put an end to the centralist régime and heralded the new system of dualism. From 1867 to the present day dualism has been on its trial, and, in the opinion of many competent authorities, has not only been found wanting, but is paving the way for a new political ideal—that of federalism.<sup>3</sup>

<sup>1</sup> "Statesman's Year-Book," 1908, pp. 742, 762; "Les Armées et les Flottes Militaires, 1906," p. 16; Hickmann, p. 4.

<sup>2</sup> *Morning Post*, March 5, 1907.

<sup>3</sup> Bidermann, "Gesamt-Staatsidee," vol. i., p. 2; Eisenmann, "Le Compromis," pp. 29, 353, 680.

When Ferdinand acquired the triple throne in 1526-27, he made no pretence that the mere possession of these lands would suffice him. He was desirous of creating one unified domain, and of ruling, as regarded affairs common to all, by a centralized Government. In accordance with these ideas, Ferdinand attempted to assemble an Austrian Parliament in 1527, the object being to reorganize the coinage on a uniform basis. The Parliamentary project met with small success, in spite of repeated efforts, and the attendance was never thoroughly representative. Ferdinand's aim is further indicated by a will, which he afterwards himself rendered invalid, providing that, in the event of his death before his son's majority, his dominions should be governed by a council of fourteen persons, selected from the different territories—*e.g.*, three from Hungary, two from Bohemia, one from Moravia—the Government to reside at Pressburg, Prague, and Vienna, in turn, for a year at a time.

In his lifetime, however, the control of both internal and external affairs was centred at Vienna, and the common institutions which he created were: (1) The Geheimraths Kollegium; (2) the Hofkanzlei; (3) the Hofkammer; and (4) the permanent Council of War.<sup>1</sup>

Mandates were issued by the central Government which applied to all the provinces, such as the ninth ordinance of 1562, and the peasantry of the whole dominion were brought directly under the protection of the Hofkanzlei, which, for example, lightened the peasants' burden in Hungary as to compulsory labour (*Robotpflicht*). The same department took in hand the codification of the law. Although at first the royal residence had not been fixed, Vienna soon became the headquarters of the dynasty, and hence the centre of the State. The common Court created the common nobility (*Gesamt-Adel*), who became denationalized by intermarriage and by the acquisition of property scattered

<sup>1</sup> Tezner, "Die Wandlungen der Oesterreichisch-Ungarischen Reichsides," p. 2; *Monthly Review*, July, 1904, p. 4; Bidermann, vol. i., pp. 4-11.

over the empire. A further sign of the *Gesammt-Staatsidee* was the rise of a common official class (*Beamtenthum*).<sup>1</sup>

Under Ferdinand II. the erection of an Austrian kingdom was mooted, but the plan aroused opposition. The result was that the Triune State, consisting of the realms of Bohemia and Hungary and the archduchy of Austria, with its hereditary lands, which enjoyed a considerable measure of decentralization, continued in their original form, the ruler contenting himself with bringing Bohemia and Hungary more completely under the central Government at Vienna, but not without protest from the Magyars. The postal system and industrial legislation were uniformly reorganized by Ferdinand II. for all his dominions save Vorarlberg and the Vorlande.

In the second half of the seventeenth century the *Gesammt-Staatsidee* had begun to gain ground in Hungary, and the advantage of making the crown hereditary in the House of Hapsburg was discussed; on the other hand, the common institutions had diminished in number and importance. By the end of the seventeenth century only the *Geheimraths Kollegium*, the *Hofkriegsrath*, or Council of War, and the *Präsidial Bureau* of the Austrian *Hofkanzlei*, were in existence, while the functions of the Austrian *Hofkanzlei* were confined to the regulation of the affairs of the German hereditary provinces.<sup>2</sup>

In 1705 Joseph I. succeeded Leopold, and began to bring the Government into a state of greater efficiency. The common institutions were reorganized, and by 1710 the Vienna *Hofkriegsrath* and *Hofkammer* had been transformed into two departments, with authority extending over the whole dominions. Further, an academy of art was built at Vienna, with a view to making the residential city of the ruler the art centre of the Empire. Finally the bank was made the cornerstone of the financial system.<sup>3</sup>

<sup>1</sup> Bidermann, vol. i., pp. 11-23.

<sup>2</sup> Bidermann, vol. i., pp. 28, 29, 34, 38-43, 46.

<sup>3</sup> Bidermann, vol. ii., pp. 1, 7, 9-16, 20.



In the reign of Charles VI. unification became an object of even greater solicitude on the part of the Crown, and in a series of statutes extending from 1713 to 1724 the so-called Pragmatic Sanction was promulgated, with the object of obtaining the recognition of the female line, and of thus binding the entire dominions of the Hapsburgs permanently together. (The Pragmatic Sanction was accepted in Croatia 1712 by anticipation ; old Austria, 1720 ; Bohemia, 1721 ; Hungary, 1722-23, and Transylvania, 1724. The imperial idea of the Pragmatic Sanction is a union of lands under a common ruler for the maintenance of internal and external peace—in fact, the constitution of a polyglot Christian frontier State as a bulwark against Islam, from which Austria had liberated Hungary.<sup>1</sup>

Under Charles VI. much was done for the material welfare of the State. Canals were built in Hungary and roads improved, while in Austria Customs tariffs were regulated, and a merchant marine flag was ordained for all Austrian merchant vessels.<sup>2</sup> Hungary remained a foreign Customs territory, but a common guild organization, common weights and measures, and a common postal system, were erected. Under Charles's daughter, Maria Theresa, the monarchy was united, not only by the reorganization and centralist reforms of the great Queen, but also by the common danger through which the whole State passed in the first critical years of the reign, when the monarch stood alone against all Western Christendom.)

In the reign of Joseph II. the dream of a Pan-European Hapsburg Empire, which so long haunted the rulers of that house, was laid aside. Unfortunately, Joseph's enlightened policy was in advance of his time,<sup>3</sup> the citadel of feudalism and privilege was not to be carried by the first assault. The resistance was rather

<sup>1</sup> Bidermann, vol. ii., pp. 42-46, 51, 54, 55 ; Hugessen, "Political Evolution of the Hungarian Nation," vol. i., pp. 185, 186, 190-192 ; Springer, "Grundlagen und Entwicklungsziele," pp. 19, 20 ; Tezner, pp. 4, 5 ; cf. *supra*, p. 455, footnote 3.

<sup>2</sup> Bidermann, vol. ii., pp. 63-65, 70-72.

<sup>3</sup> Springer, "Grundlagen," pp. 20-25.

the resistance of an estate (the nobility) than of the State, but it prevented the Emperor-King from realizing his ideal—the uniform united German State. But the various provinces had in fact, if not in name, already become a whole outside the Holy Roman Empire.

The end of the eighteenth century saw the rearrangement of the map of Europe under Napoleon, and the dream of universal empire, which had for centuries thrown Austrian as opposed to imperial interests into the shade, passed to France. The imperial title in Napoleon's hands, however, became national; he was crowned Emperor of the French. The head of the Holy Roman Empire had been hitherto the one Emperor of the West, just as Peter the Great, in adopting the title of Emperor, perpetuated the Empire of the East and the tradition of Byzantium.

Following the new idea of a national unified State, the head of the Hapsburgs, on the dissolution of the Holy Roman Empire, became Emperor of Austria, and thereby founded his realms anew on the basis of the Pragmatic Sanction, and that basis excluded the idea of rule in Germany and Italy. In fact, modern Austria was created a second time in 1804.<sup>1</sup>

In 1815 Francis II. found himself, it is true, the master of a rejuvenated, compact, and better-rounded Empire than Austria had been before the revolution. Instead of 24,000,000 inhabitants, scattered from the North Sea to the Danube, Austria now possessed a population of 28,000,000, on a compact area of 668,000 square kilometres. But she had taken up again the fatal German and Italian policy and tradition; her real mission in the East was denied.<sup>2</sup>

The years which followed 1815, with their wretched story of royal incompetence, of general stagnation, bankruptcy, and discontent, belong rather to the separate history of the component parts of the Empire; but they made clear the weakness of the old centralist

<sup>1</sup> Springer, "Grundlagen," pp. 22-25.

<sup>2</sup> See Leger, "Histoire de l'Autriche-Hongrie," pp. 449-451.

system, and its incapacity to adapt itself to the new movement of liberalism and nationalism.<sup>1</sup>

The Emperor Ferdinand, who succeeded to the throne in 1835, was mentally and physically insignificant. Instead, however, of a regularly constituted regency, recourse was had to the State Conference (*Staatskonferenz*), a committee of a small number of high State dignitaries, presided over by Prince Metternich in the absence of Archduke Charles. Even in the time of the Emperor Francis I., there had been a great want of co-operation between the State Conference, the State Council (*Staatsrath*), and the Court offices (*Hofstellen*); and as the heads of these last two bodies were only occasionally summoned, the want of co-operation continued. Moreover, in the forties the State Conference rarely met, and the administration became more and more hopelessly disjointed.<sup>2</sup>

In 1848 the revolution showed the necessity of new ideas, new methods, and new men. The old régime had completely broken down.

From the union of 1526, at all events until the Peace of Szatmar in 1711, Hungary, the indispensable bulwark against Ottoman invasion, strong in the unity of her nobility and her people, although nominally subject to centralization, had shown but fitful submission to the Government of Vienna.<sup>3</sup> The Hungarians regarded the election of 1526 as a treaty which in no way impaired their independence, yet they acknowledged the central institutions set up by Ferdinand. In 1567, in the reign of Ferdinand II., however, the Hungarian Parliament took an independent line, and protested against the interference of the Hofkanzlei in Hungarian affairs, to the indignation of Vienna, which regarded Hungary as a province, and not as an independent State. Under the rule of Ferdinand III., Hungary was brought to recognize the central institutions afresh

<sup>1</sup> Eisenmann, pp. 24, 58.

<sup>2</sup> "Cambridge Modern History," vol. xi., p. 44.

<sup>3</sup> See *Fortnightly Review*, November, 1903, pp. 824, 825.

(1655), and, as we have seen, the creation of a lasting union with Austria was discussed. Under Leopold I. there was renewed resistance.

By far the most important demonstration of the *Gesamt-Staatsidee* was the military reform of 1697. According to this decree, the unity of the Austrian army system and the obligation of all the component parts of the Empire were sharply defined, and a war tax was levied on the various lands according to their taxable capacity. Hungary objected to the measure on the ground that the Hungarian Parliament had not been consulted with regard to the war quota. Hungarian resistance was successful, and the reform could not be carried through in the way originally intended.

In 1687 the crown of St. Stephen was made hereditary in the Hapsburg family, but in exchange the Hungarians received back their ancient constitution, which, though long in abeyance, had never been abolished.<sup>1</sup>

At the date of the Pragmatic Sanction, (the Magyars, whom Bismarck once termed the nation of "hussars and lawyers,"<sup>2</sup>) showed themselves alive to the advantage of having their independent rights clearly defined.<sup>3</sup> (The text of the Hungarian law is given in the Appendix.)

According to Count Albert Apponyi, the Pragmatic Sanction did not alter the origin of the title, the nature and essence of the prerogative of the Archduke of Austria and the King of Hungary severally, or the nature of Hungarian independence: this view is borne out rather than impaired by the compact.<sup>4</sup> Springer, however, holds that the Austrian *Reich* came into being with the Pragmatic Sanction, Hungary being included as a province, differing from the other provinces only in point of size.<sup>5</sup> But, in spite of Springer's contentions,

<sup>1</sup> Tezner, p. 2; *Monthly Review*, July, 1904, p. 4; Bidermann, vol. i., pp. 11, 14, 28, 29, 34, 36-39, 40-42, 53.

<sup>2</sup> "Bismarck's Reflections and Reminiscences," vol. ii., p. 254.

<sup>3</sup> Bidermann, vol. ii., pp. 54, 55. Bismarck disliked Hungary. Cf. his bitter words: "Hungary, where everything can be bought and everybody can be bribed." Busch, vol. iii., p. 85.

<sup>4</sup> *Monthly Review*, July, 1904, pp. 5-7.

<sup>5</sup> Springer, "Grundlagen," pp. 18-20.

there can be little doubt that the stubborn Magyars obtained an important charter of historic right in the Pragmatic Sanction, which was subsequently strengthened by the action of the Crown in its treatment of Hungary as a separate Customs territory.

By the year 1848 Hungary's relations with the King had become strained to the point of breaking. Early in the year, Kossuth, who had abandoned the modest and conciliatory demands for reform advocated by Széchenyi, outlined a scheme which amounted to a constitutional revolution. A constitutional Ministry was demanded for Hungary, and a constitution for Cis-Leithanian Austria.<sup>1</sup>

Meanwhile Vienna was on the point of revolt. The movement had a double character: it was the revolt of the people in favour of the new ideas, led by the students of the University, "the spoilt children of the community," and a "*révolution du palais*," engineered by the Archduchess Sophia, the mother of the present Emperor, to obtain the dismissal of Metternich. Addresses and petitions were made to the Emperor in vain. On March 13 the estates of Lower Austria met, and the mob, excited by the reading of Kossuth's speech, invaded the assembly. The delegates, fired by the enthusiasm of the crowd, prepared to march to the palace as the legal interpreters of the desires of the people. The Archduke Albert, who was in command of the troops called out to keep order, irritated the people by some ill-advised words. Stones were thrown, and the soldiery fired. The revolution had begun.

It was soon found that it was easier to arouse revolution than to allay it. For three days Vienna was in the hands of the rioters, and on the 15th, to the dismay of his entourage, the Emperor gave way to the demands of the rebels, and granted the liberty of the press, a national guard, and the promise of a constitution. Milan and Venice broke into revolt at the news of the

<sup>1</sup> See Lowell, "Governments and Parties in Continental Europe," vol. ii., pp. 132, 133; Eisenmann, pp. 81-85.

rising in Vienna, and Prague hastily sent a deputation demanding concessions.<sup>1</sup> Meantime the cautious party in Hungary had been entirely overruled. Kosuth's programme was adopted, and the deputation sent to Vienna returned after having obtained a complete success. The laws reorganizing the Parliament and abolishing privilege had been sanctioned.

On April 8, in answer to a second deputation, the Bohemian charter granting liberty of the press, of instruction, of meeting, and of religion, personal liberty, electoral reform, and parity between the two nations, was signed. The union of the three States—Bohemia, Moravia, and Silesia—was to be decided by the Austrian Parliament, which shows that the Czechs took more interest in the integrity of the Empire than the Hungarians.<sup>2</sup>

The laws of 1848 transformed Hungary from a composite, semi-despotic, and feudal State into a unitary, Parliamentary, and democratic State. The historic, strictly imperial, central authorities, whose sphere of influence embraced the whole territory wherein the Pragmatic Sanction was valid, were incompatible with the constitutional monarchy of Hungary. The sanction of the laws of 1848 amounted to a practical recognition of Hungary as a real State by the dynasty, since the power of the monarchy was to be exercised through the independent Hungarian Ministry. All previous acknowledgments of the Hungarian special legislature might also have applied to an autonomous province, and remained only on paper. Not only was despotism abolished, but Hungary was made at the same time an independent State, without other connection with the rest of the monarchy than the person of the monarch. For the first time dualism appeared in its most modern form—the union of two sovereign independent constitutional States governed by the same dynasty, inseparable and indivisible in virtue of the Pragmatic Sanction.

<sup>1</sup> "Cambridge Modern History," vol. xi., p. 169; Eisenmann, pp. 76-80, 85.

<sup>2</sup> Eisenmann, "Le Compromis Austro-Hongrois," pp. 76-80.

The laws lay down the incorporation of Transylvania subject to the ratification of the next Transylvanian Diet, and maintain implicitly the incorporation of Croatia. The Hungarians, elated by their success, roused Croatia against them by insisting that the Magyar language should be taught in Croatian schools, and should be used as the language of communication between the province and the Hungarian Government.<sup>1</sup>

Meanwhile unrest continued at Vienna. On April 25 the Austrian Government wrung the constitution from the feeble Emperor. On May 15, after a fresh riot, a promise was extorted that the next Austrian Parliament should be composed of one chamber and should revise the April constitution. Two days later the Court circle carried the Emperor off to Innsbruck, and on June 15 the Archduke John took up the reins of government.

On June 15 a riot broke out in Prague, on the occasion of the Slav Congress. Windischgrätz seized the opportunity afforded by this insurrection to adjourn the Diet and dissolve the National Committee, and Bohemia lost all she had gained in the three preceding months. Windischgrätz's victory not only restored Cis-Leithanian unity, but restored the confidence of the army and the Court.

Mistress in Bohemia, Austria became victorious in Italy, and Ferdinand returned to Vienna. The Emperor now took a different tone as regards Hungary. He rejected the first Hungarian laws offered for ratification, and suggested that the Hungarian Cabinet should open a conference between the two Governments which should settle the disputed questions which had cropped up between Austria and Hungary since the close of the last Diet of Pressburg. The whole constitutional revolution was thus called in question. A deputation sent to the Austrian Parliament on September 15 was refused a hearing at the instance of the Czechs, and Lamberg was despatched to pacify the country.

<sup>1</sup> Tezner, pp. 7, 8; Lowell, vol. ii., pp. 132, 133.

Meanwhile, Jelacic, the Ban of Croatia, the incarnation of the dynastic and the national idea, had transformed Croatia into an anti-Magyar and an anti-revolutionary Vendée. At the head of his Croats, the sometime soldiers of the central Council of War and convinced imperialists, he now crossed the border and marched to within fifteen leagues of Buda-Pest. The news of the approach of the Croats created frenzied excitement among the Hungarians, and Lamberg was assassinated. On October 3 Jelacic was made Governor and Commander-in-Chief in Hungary, and war was declared. To this the Hungarian Parliament replied by declaring that the manifesto was not the expression of the King's will, and by outlawing Jelacic.<sup>1</sup> Latour then sent all the troops at his disposal to Jelacic, but Vienna broke into revolt out of sympathy for Hungary, and Latour was assassinated. The demand made by the Austrian Parliament for a general amnesty caused the second flight of the Emperor. This time the victor of the Prague revolt took Vienna in hand, and the imperial authority was restored by Windischgrätz. The reconquest of Cis-Leithanian Austria was complete, and the central Government was able to give its undivided attention to Hungary.<sup>2</sup>

On December 2 the weak, irresolute Ferdinand abdicated in favour of Francis Joseph. The Ministry thereupon proclaimed that a Sovereign's word did not bind his successor, and thus with Ferdinand the promises of March and May, and the sanction of the Hungarian laws of April, disappeared. Francis Joseph declared himself resolved to maintain a constitutional régime, but that régime he regarded as his gift, and he was to limit the concessions. With a word he dispelled the dream of sovereignty cherished by the Parliament. He told the deputations that came to him from the assembly that he hoped that the constitution would soon be submitted to him and sanctioned. The imperial manifesto

<sup>1</sup> Eisenmann, pp. 88, 91-94, 97-100, 106, 108, 116-120.

<sup>2</sup> Eisenmann, pp. 119, 120.



announced the intention of uniting all the races and all the countries of the monarchy: war was thereby declared on dualism and the Hungarian historic right. The very act of December 2 was unconstitutional as far as Hungary was concerned, for the throne can only become vacant by death or the consent of the nation.

At Buda-Pest the Revolutionary Government had been acting since October 10, but neither the country nor Parliament was dominated by a revolutionary spirit. No one desired war, but the Court was now intractable. On December 15 Windischgrätz crossed the frontier, and on January 15, 1849, occupied Buda and Pest.<sup>1</sup> In March, 1849, the Emperor, dissolving the constituent Diet, which had been assembled in Austria, decreed a constitution for the whole monarchy which ignored the laws of 1848. The March constitution was never applied. It was suspended at first, in view of the exceptional position of internal affairs, and three years later it was repealed. It is remarkable that this constitution laid down the unity of the monarchy and the equal rights of the nationalities.<sup>1</sup> The March patent, which gave the *octroyirte* constitution, brought the recently sovereign State of Hungary down to the level of an autonomous province. The Parliament at Buda-Pest replied by declaring the entire independence of Hungary, a measure rendered possible by the success of the Hungarian arms in the Banat, Transylvania, and elsewhere, in April. The perjured House of Hapsburg was declared deposed, and dictatorial powers were provisionally conferred upon Kossuth.

In May, owing to the continued success of Hungary, Russian assistance was accepted, and on August 13, 1849, at Vilagos, the Hungarian army capitulated to the united forces of Russia and Cis-Leithanian Austria. On September 29 the last fortress—that of Komorn—was surrendered.<sup>2</sup>

The sole positive result of the revolution, which was

<sup>1</sup> Lowell, vol. ii., pp. 133, 134; Eisenmann, pp. 122, 123, 125, 134, 135.

<sup>2</sup> Eisenmann, pp. 136-138; Lowell, vol. ii., p. 134.

never even temporarily called in question, and the only one acquired for the whole monarchy—for Bohemia as well as Galicia, for Cis-Leithania as well as for Hungary—was the liberation of the soil, the emancipation of the peasants, and the abolition of the patrimonial jurisdiction and police. The emancipation changed the whole face of Austria. It made the nationalities' quarrel a quarrel of the masses, instead of a duel between privileged persons; it marked the end of one era and the commencement of another.<sup>1</sup>

One of the Emperor's first acts was to set aside the constitution which he himself had granted, and for a decade his power was absolute. This ten years of absolutism was a fatal error, as an opportunity was lost of creating a feeling of solidarity among the peoples of the monarchy. Very moderate constitutional concessions would then have sufficed. Among the results of the absolutist reaction was the continual struggle with the Magyars, and an increase in their animosity and pretensions. There was a contrast between the new Austria created by the revolution and the copy of Josephism which was now introduced, and which lacked the liberal and modern ideas which made that monarch so sympathetic. For the moment the monarchy was in a stronger position than ever; the peasantry asked nothing better than to obey the Emperor, provided they were allowed to retain their freedom. The bourgeoisie were exhausted by the revolution, and had lost their desire for Parliamentary experience. The majority desired a strong central Government. A fairly wide provincial autonomy would have satisfied alike liberal and national aspirations.<sup>2</sup>

The suppression of the counter-signature in military affairs in 1850 was the first sign of returning absolutism. In 1851 the Ministers were declared to be responsible to the Emperor alone. Austria now settled down to a system of bureaucratic responsibility under Bach. In

<sup>1</sup> Eisenmann, pp. 144-146, 148. Cf. Eisenmann, p. 145, with "Cambridge Modern History," vol. xi., p. 216, "except Galicia."

<sup>2</sup> Lowell, vol. ii., pp. 134, 135; Eisenmann, pp. 149-151.

the new régime, it was said, "l'Empereur écoute, examine, et commande: les sujets désirent, parlent, et obéissent." This system was at first dependent on the army, and nothing else. The country was under a military despotism even after the discontinuance of the state of siege, which lasted in Vienna and Bohemia till 1858; in Galicia, Hungary, and Italy, till May, 1854; and in Transylvania till December, 1854. In 1855 Bach secured a spiritual gendarmerie by the Concordat, which he regarded as a *bonne opération de police*, and which remained in force till July 30, 1870. The Church demanded autonomy in her internal and financial administration, the care of education, and legislation relative to marriage. She gave in return her influence against revolution. Bach was, in fact, *le diable fait ermite*, and by an unlimited devotion to the Church he acquired a powerful support among the clergy against the irreconcilable hostility of the *haute noblesse*. The Concordat once concluded, Bach's system was complete, upheld as it was by his four armies, "les soldats debout, les bureaucrates assis, les prêtres agenouillés, les mouchards rampants."<sup>1</sup>

In Hungary the tyranny of the Bach system was held in general detestation, though it is admitted that the German officials administered the land in a more modern spirit and with greater social justice than the nobility had done.<sup>2</sup> Széchenyi, now semi-invalid and semi-prisoner in a hospital near Vienna, put into one picturesque phrase the mingled feeling of humiliation, dislike, and disillusionment, which was occasioned by the régime following the great nationalist efforts of 1848: "Quand on dira plus tard, Bach! Bach! l'écho répondra, Ach! Ach! . . ." The Crimean War demonstrated the weakness of the system, and Bach's authority was shaken. The Italian War illustrated only too painfully the inefficiency of the army. The defeat of 1859, which cost Austria half her Italian dominions, marked the end of

<sup>1</sup> Eisenmann, pp. 155-158, 161-163, 168-174.

<sup>2</sup> "Cambridge Modern History," vol. xi., p. 400.

the absolutist decade.<sup>1</sup> In 1859 no imperial legislature of any kind existed. The Council which met at Vienna possessed only advisory powers, and was composed entirely of members appointed by the Crown.<sup>2</sup> The patent of March 5, 1860, enlarged this body by the addition of members nominated by the Diets throughout the monarchy. The Magyars, however, were not satisfied, and demanded their constitution as a right; they were not conciliated by the appointment of a Hungarian, Benedek, as Governor-General of Hungary. On October 30 the Emperor issued a diploma which increased the number of deputies from the Diets, gave to the Council real legislative rights over finance, the Post-Office, and the army, and left all other matters to be regulated in Hungary in accordance with the former constitution of the country. The diploma was a charter elaborated on the basis of the Pragmatic Sanction. Its form was significant, since it was by diploma that the Sovereign confirmed privileges in feudal times. The preamble declares the principles of religious liberty, equality before the law, and accessibility of public employment for all, to be fixed and permanent rights. "*Le spectacle est piquant de voir ainsi débiter comme une constitution révolutionnaire de 1848 ce diplôme à l'air vénérable et archaïque. Entre sa forme et son fond il y a ainsi une sorte de contraste original et curieux.*"

The rigorous distinction made by the diploma between the common interests of the whole monarchy and the special interests of each province struck a fatal blow at the centralist system set up by Bach. In spite of the promises of the diploma, the old position which existed before 1848 was restored—namely, that of constitutional Hungary side by side with absolutist Austria. Dualism in principle and application is the characteristic of the diploma; hence its weakness, its contradictions, and its inevitable failure. The diploma

<sup>1</sup> Eisenmann, pp. 188-191, 194, 195, 197, 198; Springer, "*Grundlagen und Entwicklung*," p. 28.

<sup>2</sup> Lowell, vol. ii., p. 135.

wavers between *droit* and *octroi*, between right and concession. It is at once centralist, dualist, and federalist. Deak, though determined to obtain the 1848 constitution, eventually saw that the diploma was an attempt at an understanding, and adopted a conciliatory attitude.<sup>1</sup> He was right in doing this, because the restoration of the pre '48 institutions revived the county assemblies of Hungary, as well as the free election of officials and Judges by these bodies. The whole system of German administration organized by Bach fell to pieces at one blow, and the Magyars, in fact, obtained the most powerful lever for future action. The counties could, and did in some cases, refuse to levy taxes and recruits.<sup>2</sup> The German party in Austria, however, were dissatisfied, and a riot seemed imminent. In December Goluchowski, the upholder, if not the author, of the diploma, was replaced by Schmerling. With his fall the history of the next step in constitutional evolution, the February patent, begins.<sup>3</sup>

The patent of February 26, 1861, secured the omnipotence of the bureaucracy and the Court under a constitutional form. Virtually, Cis-Leithanian Austria was to give law to the whole monarchy. By Article 13 the Government received powers which no constitution had granted up till that date, and which, like Clause 14 of the Austrian constitution of 1867, neutralized the whole effect of the other clauses. Schmerling's work was, in fact, a return to the former policy, and Hungary was again treated as a province.

The Hungarian statesmen preserved a firm attitude; nothing but the 1848 constitution would satisfy them, and, in spite of imperial displeasure and the insolence of Schmerling, nothing could shake their resolution.

Both Bohemia and Hungary showed their disapproval of the new experiment by abstention from Parliament.

<sup>1</sup> Lowell, vol. ii., p. 135; Eisenmann, pp. 218, 219, 221, 230, 234-238, 241, 243-245.

<sup>2</sup> "Cambridge Modern History," vol. xi., p. 404.

<sup>3</sup> Eisenmann, p. 253; Lowell, vol. ii., pp. 135, 136; Springer, "Grundlagen," p. 28.

In Hungary a financial strike supplemented the political attitude by a refusal to pay taxes, which proved a serious embarrassment, as Austria found herself totally unable to procure credit.<sup>1</sup>

The Bach system had cured the nationalities of their enthusiasm for Austria. The Slovaks were now content to address their national demands to the Hungarian Parliament, in which alone they had confidence. Schmerling's policy was equally ineffectual in Croatia, and he was unable to get a new Diet together till 1865. The only success which crowned Schmerling's policy was the fact that he was eventually able to induce twenty-six Transylvanian delegates to attend the Imperial Parliament. In addition to his internal policy, which proved so disappointing, Schmerling had an external policy, which culminated in the Congress of Princes at Frankfurt in 1863. The congress, however, only demonstrated the weakness of Austria, and Schmerling's fate was decided. Francis Joseph, reared under the care of Abbé Rauscher and Prince Felix Schwarzenberg (who was rather a cynical aristocrat with an iron will and indomitable courage than a "hectoring bully with his hand always on his sword-hilt"), dreamed of the realization of his ancestors' ambitions,<sup>2</sup> the restoration of the Holy Roman Empire and the humiliation of Protestant Prussia, and it was largely on that account that Schmerling had been given imperial support. By the failure of the congress Schmerling lost the confidence of the Court, and his ultimate fall was certain. Early in 1865 it became obvious that the Hungarian Parliament would soon be convoked, and in the same year the Emperor went alone to Buda-Pest and declared his desire to restore harmony with his peoples. On September 26, 1865, the constitution was suspended by imperial patent, to the dissatisfaction of the Germans and delight of the Czechs, who demanded their rights

<sup>1</sup> Lowell, vol. ii., p. 136; Eisenmann, pp. 278-292, 301, 305, 306, 321-323, 325, 327, 351, 353.

<sup>2</sup> Eisenmann, pp. 355, 359-361, 368-371, 374, 375, 385; *Fortnightly Review*, November, 1903; "Cambridge Modern History," vol. xi., pp. 190, 393.

as a State. The lesser races, Poles, Slovenes, and Tirolese, all clamoured for concessions. Negotiations were commenced with the Hungarians, but they still insisted on the laws of 1848. In 1866, after prolonged debates on the speech from the throne, the Hungarian Parliament was dissolved, but a week later the ultimate triumph of Hungary was assured by the Battle of Sadowa, which settled the old Austro-Prussian quarrel for domination in Germany in favour of the Hohenzollern.<sup>1</sup>

(Summoned to Vienna, Deak, in answer to the Emperor's question, "What would satisfy Hungary?" replied, "Nothing more after Sadowa than before." After lengthy negotiations and not a little friction, the settlement was finally concluded in an interview of February 8, 1867, between the Emperor, Baron Beust, and Francis Deak. A responsible Hungarian Ministry was appointed, and on June 7, 1867, Francis Joseph was at last crowned King of Hungary according to the ancient ceremonial. This act sealed the reconciliation between King and people.) It was the *amende honorable* for Schwarzenberg, for Bach, and for Schmerling.<sup>2</sup>

In Hungary the laws of 1848 passed into effect without any statute or decree, and remain with modifications the chief source of public law to-day. Austria, on the other hand, received by another *octroi* Parliamentary rights, responsible Ministers, the liberties of the subject, parity with Hungary, and a certain control over the army and external policy through its delegation. The long and difficult work of reconstituting the monarchy on a dual basis was completed. The liberal revision of the constitution of 1861 was the price exacted by the common Austrian Reichsrath for the acceptance of the compromise which the Austrian Parliament was not allowed to discuss, although it had been stated in the manifesto of September, 1865, that

<sup>1</sup> Eisenmann, pp. 406, 409, 411, 419-422.

<sup>2</sup> Eisenmann, pp. 430-466; Lowell, vol. ii., p. 136.

the arrangement with Hungary would be submitted to the Provincial Diets.<sup>1</sup>

The new dual constitution is the work of Hungary and the Crown. Had the Crown opposed to Hungary a strong united Austria, the inevitable dualism would have taken another form. Austria lost not only her position in Germany, but her own unity, at Sadowa. In the negotiations which followed that defeat, as in those which preceded it, the only party which showed a united, consistent, and able policy was the Magyar party, and the compromise was the triumph of their views. The whole history of the dual system since 1867 illustrates their capacity of profiting by their victory.

The Austrians regard the compromise as a trap set by Hungary—a necessary transition stage towards complete independence, which she was not strong enough then to maintain. As a matter of fact, not even Kossuth dreamed that Hungary could stand alone, only he aspired after an Eastern confederation, while the majority of his countrymen felt the folly of substituting an unknown confederation for an alliance which had, after all, lasted three centuries. Further, the statesman who actually carried the compromise through had no such Machiavellian designs. Deak, so far from intending to exploit the embarrassment of Austria for the object of securing complete Hungarian independence, was haunted by the fear that the Magyar nation should, in the event of Austrian defeat, claim unreasonably large concessions which could not be durable. (Andrassy replied to Napoleon's question why Hungary had not extorted more: "For us, sire, it was not a question of asking all we could get, but of not asking more than we could keep."<sup>2</sup>)

The actual legal result for both Austria and Hungary can best be judged by a comparison of the Austrian and

<sup>1</sup> Lowell, vol. ii., p. 136; Eisenmann, pp. 491, 492; Mahaffy, p. 121.

<sup>2</sup> Apponyi's article in *Monthly Review*, July, 1904; *Fortnightly Review*, November, 1903; Eisenmann, pp. 641, 644-646.



Hungarian laws which embody the text of the compromise, and of which a translation is printed in full in the Appendix Briefly stated, Austria and Hungary became separate States with certain common affairs, for which common institutions are provided, leaving certain other subjects as matter for similar legislation and for arrangement by treaty. These last include Customs, currency, the Austro-Hungarian Bank, and the settlement of the quota which each of the two monarchies shall contribute to the common expenses.<sup>1</sup>

### 3. THE COMMON INSTITUTIONS.

Jealously as the Magyars guarded their "sovereign national independence," certain common institutions had to be evolved in 1867, and others retained from former times, in order to insure the joint action of both States as regards foreign countries.<sup>2</sup>

(The first connecting link in the dual monarchy is the common Sovereign, whose offices as Emperor of Austria and King of Hungary are kept rigidly apart. Although the person of the monarch must be identical, yet from the date of the separate coronations the head of the dual State has a third office—that of "Emperor and King," the chief of the joint army and the joint navy, whose sanction, furthermore, is necessary to the validity of any act of the Empire as a whole. This office may be termed that of the common Sovereign as distinguished from the separate sovereignty of the two halves of the monarchy. It was not, however, till 1889 that the Hungarians succeeded in getting the little particle "and" inserted as a matter of right, and the common Sovereign entitled in the designation of the army Emperor *and* King instead of Emperor-King.<sup>3</sup> For all

<sup>1</sup> Lowell, vol. ii., p. 178; Appendix; also Apponyi's article in *Monthly Review*, July, 1904, and "Hungarian Constitution," p. 64.

<sup>2</sup> Apponyi, "Hungarian Constitution," p. 64.

<sup>3</sup> Lowell, vol. ii., pp. 163-165; "Statesman's Year-Book," 1908, p. 726; Mahaffy, p. 188.

other purposes than the army the Sovereign's title had been settled by an order of November 14, 1868.

The second common institution of the dual monarchy is the common deliberative body, which was created by the compromise of 1867, and which is an intricate and unwieldy piece of mechanism. This body consists of two delegations, one for Austria and one for Hungary, each being composed of sixty members, of whom twenty are chosen by the Upper and forty by the Lower House of each Parliament. These delegations are re-elected annually, and must be convoked once a year, scrupulous regard being paid in their sessions to the parity of both countries; for instance, they meet "alternately at Vienna and Buda-Pest."

Some of the difficulties of this system will be realized when it is considered that both delegations debate and vote separately, except in the case of continued disagreement, when, after a third exchange of messages has proved fruitless, a general session may be demanded. Even then they may only vote, and not discuss. If they are equally divided, the Sovereign has the casting vote. No common organ of legislative power has been called into existence. Legislation on foreign affairs and military affairs remains in the domain of both Parliaments, who can indeed abolish the common organs they have created.<sup>1</sup>

A common Parliamentary body is, according to Apponyi, out of the question; at any rate, it has not been called into existence.<sup>2</sup>

The delegations have only been erected as a more handy means of adjusting difficulties than the two equal Parliaments residing in the different countries, and they are practically confined in their action to voting supplies. There is an almost absolute legislative decentralization, combined with a certain amount of administrative centralization. The duty of the delegations is chiefly to

<sup>1</sup> Lowell, vol. ii., pp. 165-178; "Statesman's Year-Book," 1908, p. 726; Apponyi's article, *Monthly Review*, July, 1904.

<sup>2</sup> Apponyi's article, *Monthly Review*, July, 1904, and Apponyi, "Short Sketch of the Hungarian Constitution," pp. 65, 66.

control the common administration and to grant the annual appropriations. The joint Ministries are in a sort of "general harmony with the delegations," but are under no such control as exists in a Parliamentary form of government. The true source of power lies in the two separate Parliaments, to which the joint Ministers have no access. It is carefully laid down that they shall not be members of either Cabinet. They cannot therefore lead Parliament; on the other hand, Parliament cannot control them. Thus, the occupation of Bosnia-Herzegovina was carried through by Andrassy against the wishes of both legislatures.<sup>1</sup>

As far as control is exercised, it is to be found in the ratifying vote of the Hungarian Parliament, which is an essential condition of the legal validity of its own, and therefore of both delegations. For there is another incongruity in the system, which lies in the fact that the Hungarian and Austrian laws constituting the delegations differ, the Hungarian Parliament keeping a closer hold over its representatives than the Austrian. Thus, in Hungary, although the administration of common affairs has been entrusted to the common Ministers, law and custom require that administration to remain, as to its leading principles, in constant agreement with the Hungarian Cabinet. In Hungary, Parliament claims a direct control over the common Ministries, while in Austria the joint Ministers, though acting in general harmony with the Austrian Cabinet, are apparently under no such control.<sup>2</sup>

This system favours Hungary, because the Hungarian delegation itself is a solid body which votes together, while the Austrian delegation is composed of hostile racial groups. Further, the far greater solidarity of the Hungarian delegation causes the Ministers to rely upon it for support, and gives it in turn a greater influence over their policy. One sign of Hungarian influence lies

<sup>1</sup> Lowell, vol. ii., pp. 166-170, 179; Apponyi, *Monthly Review*, July, 1904; Apponyi, "Hungarian Constitution," pp. 65, 66.

<sup>2</sup> See Appendix; also Apponyi, "Sketch of Hungarian Constitution," p. 66.

in the fact that for twenty-three of the first twenty-nine years after the settlement the foreign affairs of the monarchy were in the hands of a Magyar. Beust held office from 1867 to 1871, Andrassy from 1871 to 1879, Haymerle from 1879 to 1881, and Kalnoky from 1881 to 1896. A Pole, Count Goluchowski, held the reins from 1896 to 1906, and since then they have been in the hands of Baron Aehrenthal, who is of mixed German and Jewish descent.

A striking proof of the power of the Hungarian Cabinet was given in 1896, when a disagreement arose between Baron Banffy, the Hungarian Premier, and Count Kalnoky, the joint Minister for Foreign Affairs. On that occasion the influence of the Hungarian Premier was strong enough to oblige Kalnoky to resign, although he had managed foreign relations for fifteen years with exceptional ability, and possessed the entire confidence of the Emperor and King.<sup>1</sup>)

There are nominally three, but properly speaking only two, common Ministries, or executive departments of joint affairs—namely, Foreign Affairs and War. The common Finance Minister, a high-sounding title, is merely a cashier who receives the contributions of Austria and Hungary to common expenses and hands them over to the respective departments. The fact that this Minister is now generally entrusted with the administration of Bosnia and the Herzegovina is, Apponyi points out, merely accidental.<sup>2</sup>

The position of the common Ministers is curious and difficult, as we have seen; for since it is specially provided that the joint Ministers shall not be members of either Cabinet, nor have access to the separate Parliaments, the War Minister, for example, cannot defend his recruit contingent, but must depend for representation on the two State Defence Ministers. Again, the Minister for Foreign Affairs, the diplomatic and com-

<sup>1</sup> See Lowell, vol. ii., pp. 167, 168.

<sup>2</sup> "Statesman's Year-Book," 1908, pp. 727, 733, 778; Springer, "Die Krise," pp. 61-63; Apponyi, "Hungarian Constitution," p. 64.

mercial representative of the Empire, is bound to serve several masters—the Ministers of both halves of the monarchy and the delegations to whom he is responsible. The Minister of Foreign Affairs is, so to speak, the agent of two military powers and two business firms as to whose agreement there is no guarantee, and, as a matter of fact, the interests of the two States frequently clash.

The common Finance Minister is in an equally peculiar position. He receives the expenditure granted by the two delegations, before whom he is entitled to appear, but the revenue is allotted by the States, through quota deputations, and resolved upon by Parliaments in which he may not appear.

Foreign affairs and war administration are only common affairs in the executive sphere, legislation being expressly reserved to the action of both legislatures, which are juridically independent.<sup>1</sup>

To these departments must be added the common Court of Public Accounts, a department of audit which controls the common expenditure, and which, by another curious anomaly, owes its existence to a sovereign act of the Emperor of Austria.<sup>2</sup>

(One of the chief weaknesses of the whole settlement of 1867 is the declaration of the principle of the economic independence of the two States, which leaves the door open to separation. The diploma, on the other hand, reserved financial and commercial affairs, as well as war and foreign affairs, to the monarchy. Political solidarity was only possible if economic solidarity was secured, and this the framers of the compromise overlooked. The danger of economic separation every decade has given the monarchy the derisive title of "Die Monarchie auf Kündigung," and, indeed, the whole basis of the edifice as erected in 1867 would be undermined if economic separation should take place.

<sup>1</sup> Lowell, vol. ii., pp. 170, 179; Springer, "Die Krise," pp. 61-63.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 727; see also Ulbrich, "Das Oest Staatsrecht," p. 20.

For example, the Minister of Foreign Affairs is charged with the diplomatic and commercial representation of the monarchy, and concludes all treaties, even those relating to only one of the two States; but should the monarchy cease to be a Customs union, international commercial treaties would cease to be common, yet according to the law the Foreign Minister would still retain his powers.<sup>1</sup>

As Hugessen points out, Hungary's right to a separate Customs territory was expressed in recent years by Law 30 of 1899 and by Law 3 of 1906, which established a separate Customs tariff. The former law was only a one-sided expression of independence, recognized by Austria merely through an imperial ordinance, and the latter was in the nature of a theoretic rather than a practical step towards separation, because the independent tariff was identical in all respects with the Austrian. However, by the new compromise negotiated in 1907, Hungary obtains complete recognition of its right to economic independence, not only as regards Austria, but also as regards the rest of the world—a position which has never been obtained since Mohacs. The Customs alliance is replaced by a Customs treaty between the two countries, and henceforth (that is, after 1917) commercial treaties with foreign Powers will be made in the names of the two countries, not in the name of Francis Joseph on behalf of a single Customs territory. They will still be signed by the common Minister of Foreign Affairs, but also by a Hungarian and an Austrian representative, to give expression to Hungarian independence. A court of arbitration has even been provided for disputes, just as if the two countries were two absolutely independent States. In fact, a serious step has been taken by the Compromise of 1907 in the direction of commercial separation.<sup>2</sup>)

The unity of foreign affairs must, it would seem, cease

<sup>1</sup> Eisenmann, pp. 619-623.

<sup>2</sup> Hugessen, "The Political Evolution of the Hungarian Nation," vol. ii., pp. 287-289.

with the loss of commercial unity; and commercial unity gone, political unity would most probably follow, while common defence, also, could not be maintained. No constitutional provision has been made to meet a contingency which is doubtless far more obvious now than when the compromise was framed.<sup>1</sup>

In addition to the two Defence Ministers, who are in charge of the Austrian Landwehr and Landsturm on the one hand, and the corresponding Hungarian forces on the other, there is, as we have seen, the common War Minister, who is head of the Imperial War Office, which administers the common army.

(The regular army and navy are institutions of the joint monarchy, but their administration is marked by that strange mixture of federal union and international alliance which characterizes the relations of Austria and Hungary; thus, although they are common institutions, the army and navy are governed by separate if substantially identical laws, passed by the two Parliaments. The working of the system depends upon harmony between the two Cabinets, for there is no possible means of compulsion if either half of the monarchy should refuse to raise its quota of recruits. The special military bodies of Austria and Hungary form a reserve, but cannot be commanded to march out of their own States without an order from their respective Parliaments.)

In spite of the concessions necessarily made to the autonomy of the two parties in the monarchy, which cause certain complications in the army system, the military organization of the Empire is efficient.<sup>2</sup> There has been continuity both of action and idea in the reorganization of the army, and many of the military institutions, such as the Corps of Artillery Engineers and the Technical Committee, form remarkable solutions of problems of military organization.)

<sup>1</sup> Eisenmann, p. 621.

<sup>2</sup> Ulbrich, "Das Oesterreichische Staatsrecht," pp. 23-25; Lowell, vol. ii., p. 171; "Statesman's Year-Book," 1908, pp. 730, 731; Glückmann, "Das Heerwesen der Oesterreichisch-Ungarischen Monarchie," p. 3; Debains, "Organisation de l'Armée Austro-Hongroise," pp. 249, 250.

Military service is compulsory and universal throughout the Empire. Continuous service is at present for three years in the common army. A suggestion has been made to reduce that term to two years, as in Germany and France, with the object of augmenting the fighting strength; but this has been vigorously opposed by Hungary, from a dislike to the increased recruitment which would be necessary.

The peace establishment of the common army in 1907 was 22,395 officers, 291,246 men, and 59,138 horses; of the Austrian Landwehr, 3,487 officers, 84,918 men, and 3,441 horses; of the Hungarian Honved, 2,860 officers, 25,880 men, and 4,298 horses—a total peace strength of 28,742 officers, 352,044 men, and 66,877 horses. It would appear that the rearmament of the Austro-Hungarian artillery, particularly with regard to mountain guns, will not be complete till the spring of 1909—a fact not without importance.

By a calculation of the military expenditure and the number of men trained, Captain Debains seeks to show that, in default of the infallible test of war, the common army organization is in a high state of efficiency. Thus, for every £40,000 expended, Austria, in case of mobilization, can dispose of 370 instructed armed men and 1.33 cannon. The expenditure on the common army amounted in 1907 to £11,575,325, that on the Austrian Landwehr to £1,905,840, and that on the Hungarian Honved to £1,476,697. The military expenditure charged to Bosnia-Herzegovina was £187,600. The total, therefore, of the military expenditure is about £15,000,000, but this does not include special expenditure on armament.<sup>1</sup>

One cannot leave the question of military affairs without a short reference to Hungarian claims and fears on this subject. The *Reichsgedanke*, or imperial idea, which is to the Magyar the "Pandora's box of civil

<sup>1</sup> Debains, pp. 253, 254; "Statesman's Year-Book," 1908, pp. 730, 731, 734; Lauth, "L'Etat Militaire des Principales Puissances Étrangères en 1902," p. 255.



war, revolution, reaction, and evils numberless," finds its last stronghold in the common army. The Hungarian soldier finds the German language at a premium if he wants to succeed in the service, for he is commanded by Austrians, and is often transferred to an Austrian regiment.<sup>1</sup> Thus, according to the Hungarian view, the common army, instead of being a school for patriotism, is inimical to it. In 1907 the army estimates caused considerable friction between the two halves of the monarchy, owing to the determined stand taken by the Hungarian Parliament, backed by the nation, in favour of the substitution of Magyar for German in the instructions and words of command in the Hungarian portion of the common army.<sup>2</sup>

(The Austro-Hungarian navy, although still amongst the three least important navies of the Great Powers of Europe, takes precedence of the other two—Italy and Russia—by reason of her continuity of naval policy, which has been described by Mr. Burgoyne as "a method that might well make her eventually mistress of the narrow seas." Although mainly a force for coast defence, the common navy is kept in a high state of efficiency by its administration, the Naval Department of the Ministry of War. The Austro-Hungarian ships, if few in number, are admirably fitted for the purpose for which they were built, and the trios of *Erzherzog Karls*, *Babenbergs*, and *Buda-Pests*, are remarkable for their design and success. The Naval Department is also constructing a powerful torpedo flotilla.

At the usual rate of construction, Austria will have in the spring of 1915 three *Dreadnoughts* (20,000 tons displacement), three *Radetzkis* (15,000 tons), three *Erzherzog Karls* (10,000 tons), three *Babenbergs* (8,300 tons), and three *Buda-Pests* (5,600 tons)—that is, fifteen battleships within the age-limit of twenty years. To these must be added two modern armoured cruisers and one of older date—a total of eighteen

<sup>1</sup> Debains, pp. 249, 250; Apponyi, *Monthly Review*, July, 1904.

<sup>2</sup> *Monthly Review*, July, 1904; "Statesman's Year-Book," 1908, p. 733.

armoured ships. It is clear, from a comparison of this programme with that of Italy, that, although the Italian fleet is still stronger in material and number, Austria has been fast catching her rival up, and it is not too much to say that she is likely to become the arbitress of the Mediterranean destinies at no distant date.<sup>1</sup>

As regards the personnel of the Austrian navy, there can be no two opinions as to its superiority over that of Italy. In fact, the Austrian fleet is said to be disciplined "to a degree of unsurpassed perfection." In 1905 the personnel consisted of a total of 11,998 officers and men. The naval estimates for 1908 amounted to £1,901,875.<sup>2</sup>

The Ministry of Foreign Affairs is at the head of the Diplomatic Corps, and has entire charge of the foreign relations of the whole country, since the separate halves of the monarchy hold no direct communications with other nations. This Minister, however, like the other common Ministers, is really inferior in power to the Prime Ministers of Austria and Hungary, by whom he may be overruled. It was Andrassy, not Beust, who really decided the imperial policy during the Franco-German War. Baron Banffy, as we have seen, brought about Kalnoky's fall, and the fall of Count Goluchowski in 1906 was due in some measure to disagreement with Dr. Wekerle. On the other hand, it is to be remembered that Andrassy as Chancellor carried through the occupation of Bosnia and Herzegovina in spite of Hungarian dislike, and the action of Baron Aehrenthal in 1908 shows an amount of independence which has not hitherto been common.<sup>3</sup>

<sup>1</sup> "Navy League Annual," 1907-08, pp. 72, 73; "Statesman's Year-Book," 1908, p. 735; *Navy League Journal*, October, 1908, p. 295. In the *Spectator* of January 30, 1909, Sir W. White stated that the completion of her programme would bring Austria into the first class of naval Powers. On April 7 the *Zeit*, repeating a statement made in December, stated that four *Dreadnoughts* will be laid down in the autumn of 1909, and will be completed in 1912, provided the necessary sums are voted (*Times*, April 8, 1909). The *Spectator* of April 10 suggests that these ships may, in fact, be completed by the autumn of 1911.

<sup>2</sup> *Navy League Journal*, October, 1908, p. 295.

<sup>3</sup> See Lowell, vol. ii., p. 170; Eiseumann, pp. 626, 627.

The commercial policy of the monarchy has been referred to at length above, but it may be here observed that, externally speaking, it has been largely dictated by Germany, and internally Hungary has, despite some just cause of complaint—as in the case of the excise on beer and sugar, which was collected in the producing instead of in the consuming country, to the unfair advantage of the Austrian Treasury—had an ever-growing influence.

The financial business is common, in so far as the costs and expenses which are applied for the joint institutions and their conduct are common; but each State is responsible for the assessment, collection, and transmission, of its contribution. The financial settlement of 1867 apportioned the quota of Hungary towards the interest on the existing debt at 29,500,000 florins per annum, Austria agreeing to pay the remainder on the understanding that she should benefit by any reorganization, or, in other words, repudiation—of which agreement she subsequently made use. As regards current expenditure, it was settled that the joint revenue should defray the joint costs, and that any balance should be met by Austria and Hungary in the proportion of 70 and 30 per cent. respectively.<sup>1</sup> (In 1873 the Hungarian quota was raised on account of the incorporation in Hungary of the district known as “the military frontier.” According to the most recent resettlement, that of 1907, the Hungarian quota was fixed at 86·4 per cent., Austria’s share being 63·6 per cent. of the deficit.) Except a few insignificant items, such as the lease of State property, the only direct source of revenue belonging to the common government is the Customs tariff, which rests upon a ten years’ treaty made in the form of identical acts of the two Parliaments. The “ten years’ leasehold,” as it has been described, in addition to the feeling of instability which it produces, invariably leads on renewal to a financial wrangle in which each

<sup>1</sup> “Statesman’s Year-Book,” 1908, pp. 727, 729; Lowell, vol. ii., pp. 172, 173; Hugessen, vol. ii., pp. 277, 278.

side seeks to wring financial concessions from the other.

So serious was the friction, as we have seen, in 1897, that for a whole decade no agreement at all was reached, although the commercial union was kept in force on the condition of reciprocity. In 1903, 1904, and 1905 the Foreign Office Reports<sup>1</sup> commented upon the disastrous effect which the unsettled political situation was having upon Austro-Hungarian trade. In the last-mentioned years it was stated that trade was characterized by stagnation and want of enterprise, due to the uncertainty caused by the state of politics. In 1907 the settlement was at last concluded, and in October, when the conclusion became fairly certain, not only was great satisfaction expressed, but consols and bank shares rose rapidly, and high hopes were expressed as to the prosperity to be expected after the conclusion of twelve years' economic instability.

Imports and exports in Austria-Hungary are divided into three groups: (1) Raw goods, (2) half-manufactured, and (3) manufactured.

In 1904 the exports and imports were:

	Imports.	Exports.
	1,000 Crowns.	1,000 Crowns.
Raw goods ... ..	1,245,308	846,710
Half-manufactured ...	259,222	303,611
Manufactured ... ..	540,586	918,956

This does not include precious metals.

Under the commercial union the two States form practically one Customs and commercial territory, with the same coinage, weights, and measures, a joint bank of issue, and the same commercial representation abroad, though the practice has grown up for each Government

<sup>1</sup> See Foreign Office Reports, Annual Series, No. 4,109, pp. 25, 26, and No. 3,343; also *Times*, October-December, 1907.

to have its own commercial attachés—for instance, in London. Monopolies and taxes in connection with industrial production are administered on identical principles in both countries.<sup>1</sup>

#### 4. ECONOMIC PROGRESS OF THE DUAL MONARCHY AS A WHOLE.

The joint Budget submitted to the delegations on December 20, 1907, contained the estimates for 1908, which were as follows :

##### JOINT ESTIMATES FOR 1908.

	REVENUE.	EXPENDITURE.		
		Ordinary.	Extra-ordinary.	Total.
Ministry of Foreign Affairs ... ..	£ 29,000	£ 559,000	£ 22,000	£ 581,000
War ... ..	338,000	12,773,000	557,000	13,330,000
Navy ... ..	12,000	2,242,000	145,000	2,387,000
Finance ... ..	6,000	194,000	—	194,000
Audit Office ... ..	—	14,000	—	14,000
Total ... ..	£385,000	£15,782,000	£724,000	£16,506,000

Expenses of troops in Bosnia-Herzegovina: net, £324,000; supplementary vote for 1907, £254,000; estimated expenditure in 1908, £16,621,000. Total, £16,699,000. Estimated Customs receipts in 1908 (net), £5,708,000. Thus, a total deficit amounting to £10,991,000 remains to be covered by the quotas contributed by Austria and Hungary. In addition, an army credit of £625,000 must be taken into account. This amount is a further instalment of the 1904 loan. The total net expenditure amounts to £17,324,000, and the deficit to be covered, after deducting the Customs

<sup>1</sup> Lowell, vol. ii., p. 175; "Statesman's Year-Book," 1908, p. 727.

receipts, to £11,616,000. The common Budget was passed by the delegations practically unaltered in the spring of 1908.

The estimates for 1908 show an increase in all the items of expenditure except the army and the navy, which absorbed £14,612,000 and £2,713,000 respectively in 1907. With the estimates for 1908 appear the closed accounts of 1906.<sup>1</sup>

Reference has already been made at length to the Austro-Hungarian National Bank in the chapters on Austrian and Hungarian Finance. Suffice it here to say that the bank, which was originally called the Austrian Bank, and which in 1878 was transformed into the Austro-Hungarian National Bank, is, properly speaking, not a State bank, but a banking company. In order to secure a free loan originally of 80,000,000 florins, the State granted the bank the exclusive right to issue bank-notes during the continuance of its privileges. In this bank private persons hold shares as well as the Austrian and Hungarian Governments. In 1878 the Magyars obtained a considerable concession, since, without raising any money for the purpose, they gained a bank in high credit. From that date the bank has been held to be one of Austria's trump cards in the periodic resettlements. A certain section among the Magyars are, however, becoming impatient of the ties which bind them to the sister State, and, oblivious of the benefits which they enjoy in virtue of their share in the joint bank, they are pressing the Hungarian Government to establish a separate bank, on the plea that it would be a profitable undertaking, and that the necessary share capital could easily be raised.

Financial authorities consider that Hungary would not benefit by a separate bank. The necessary conditions for a sound financial position are that the value of the currency be maintained and credit requirements met. Deprived of Austrian capital, it is asserted that

<sup>1</sup> Cf. Foreign Office Reports, Annual Series, No. 4,109, pp. 22-25; Foreign Office Reports, Annual Series, No. 3,947, p. 41.

a Hungarian bank could only maintain the value of the currency in hard times by keeping the rate of interest high and restricting credit, while it would be difficult to meet foreign credit needs and keep up the currency standard. Again, it must not be forgotten that a large amount of Hungarian paper, including Hungarian landowners' mortgages, is dealt with in Austria, which would not be the case if the bank was divided. Finally, the bank is a flourishing concern, in which both Governments have a considerable share of the profits, Hungary's share having increased from 87.0 to 46.51 per cent. between 1900 and 1907. In 1907 the net profits amounted to £1,246,876, which sum was divided as follows: Reserve fund, £89,689; pensions, £17,988; shareholders, £671,423; Austrian and Hungarian Governments, £467,846. The present charter of the bank continues in any case until 1910, at which date the mint and coinage agreement of 1892 also terminates. If it is not denounced by either Government, it will be prolonged automatically for another ten years.<sup>1</sup>

When I was in Buda-Pest in October, 1908, the question of the separation of the bank was being pressed on the Government. It seemed that the Cabinet, while fully understanding the absolute necessity of preserving the bank in its present condition for the sake of Hungarian credit, had a vague belief that the Premier, Dr. Wekerle, would be able, by some clever juggle, to satisfy the extreme Magyar party, and yet keep the public credit intact. It appears that the manœuvre did not succeed, and that commercial confidence was shaken, for on December 22 Dr. Wekerle informed the State Bank Commission that, in consequence of the agitation for the establishment of an independent Hungarian State Bank, the Government could not issue consols, nor even place Treasury bills.<sup>2</sup>

<sup>1</sup> "Statesman's Year-Book," 1908, p. 738; Lowell, vol. ii., p. 175; Ulbrich, "Staatsrecht," pp. 27, 28; Foreign Office Reports, Annual Series, No. 4,109 pp. 27-29.

<sup>2</sup> *Times*, December 23, 1908.

Political necessity has proved stronger than perfection of organization, and under the compromise that faulty construction, the Hapsburg State, has won its way to high development, to a sound financial position, and to commercial success.<sup>1</sup>

Between 1880 and 1900 the population of the whole monarchy rose nearly 20 per cent., while the proportion of those engaged in trade credit institutions and transport rose in that period in Austria 111·418 per cent., and in the mining industry and transport in Hungary 105·6 per cent. In proportion as the people has prospered and increased, the need of insurance has spread, and the number of those who have taken advantage of the security offered is a striking testimony to the progress of industrialism and agriculture and the growing intelligence of the people. The number of persons insured against accidents increased between 1888 and 1900 from 152,271 to 678,613 for agriculture as carried on by motor power; for industry, from 739,969 to 1,682,098; while the number insured against sickness increased from 1,019,787 in 1888 to 2,070,889 in 1900.

The value of the whole external trade of the Empire between 1882 and 1902 had risen 26·5 per cent., imports having increased in that period from 1,308·347 million crowns to 1,720·385 million crowns; exports from 1,563·786 million crowns to 1,918·598 million crowns, exclusive of precious metals. The nature of the export trade has changed between 1882 and 1902, raw products at the former date being more than half the export, while at the latter date wholly and partly manufactured goods account for a larger proportion of the exports than raw products. The mining industry has shown a remarkable increase in the same period, and production has increased threefold, the greatest advance being in coal and iron, which is a significant fact taken in connection with industry.<sup>2</sup>

<sup>1</sup> Lowell, vol. ii., p. 179.

<sup>2</sup> See Taussig, *Neues Wiener Tagblatt*, March 16, 1904.



Industrial enterprises, again, have shown a notable advance, and vast capital is now engaged in industry in Austria-Hungary. Among the industries connected with agriculture, the development of the production of beer and beetroot sugar are specially to be noticed. The number of banks, the amount of business transacted, and the increased savings deposits, all testify to the steady prosperity and development of the country, while in advance of the progress of trade and industry has gone the development of the railway system. The growth of the national Budgets, the disappearance of the deficit, and the increase in the income of the people, are further evidence of a process which the reform of the coinage did much to secure.

In fact, the dual system, in spite of its many defects, has been, and still is, a guarantee of prosperity, and its abandonment would, in Taussig's view, be a leap in the dark which no serious statesman could think of taking.

Since the commencement of the century, home trade has been brisk, in spite of the uncertainty occasioned by the *ex lex* situation, while in foreign trade extension has been chiefly confined to imports. There is no doubt that the settlement arrived at in 1907 will largely benefit trade and industry in both halves of the monarchy, which form such a natural and necessary complementary market the one to the other, surrounded as they are by hostile tariffs and with their only seaport outlets at Trieste and Fiume.<sup>1</sup>

## 5. THE COMPROMISE AND ITS FUTURE.

The compromise has been severely criticized by modern writers. It has been said that the unity of Austria was sacrificed to the particularism of the Magyars—that the settlement was the reward of Hungarian obstinacy from 1860 to 1866. The weakness of Austria has been ascribed to the fact that it is not a

<sup>1</sup> Taussig, *Neues Wiener Tagblatt*, March 16, 1904 ; Foreign Office Reports, Annual Series, No. 4,109, pp. 25, 27.

country of great constructive statesmen ; a Stein, a Hardenberg, a Bismarck, are wanting in the history of the Hapsburg State. The essential condition of the compromise has been described as " veiled absolutism " in Austria, and the use of the despotic power to subordinate Austria to Hungary.<sup>1</sup>

On the other hand, it may be urged that Cis-Leithanian Austria found herself in parlous plight in 1867. The absolutist edifice, built up under Schwarzenberg, had fallen before the cannon of Magenta and Solferino. Sadowa had thrown the Emperor back on the East. The future foreign policy depended on Hungary, the advance guard against Russia. The immediate external situation demanded above all things peace, retrenchment, and relief from financial embarrassment.

( Union with Hungary meant the possibility of obtaining credit, assistance in bearing the burden of debt, and the retention of Austria's best customer. Economic separation would have meant a terrible crisis for Austria in 1867. Hungary, however, drove a hard bargain in the compromise, and obtained, in Eisenmann's opinion, both all she could get and all she could keep. On the Hungarian side the advantage was not only political, for while her influence preponderated she paid barely a third of the costs of the army. She has an army of a million, while she pays for a few hundred thousand. The compromise, in fact, means parity of rights—two-thirds of the burden for Austria, three-quarters of the influence for Hungary. Further, Hungary was enabled to build up her strength and develop herself by the resources of the monarchy. The Austrian enterprises of transport by land and sea, railway and mercantile marine, although they subsequently became a burden, not to be thrown off without great sacrifices, were advantageous, before Hungary had lines and steamers of her own, in developing the markets and trade of the

<sup>1</sup> *Fortnightly*, November, 1903, pp. 824, 825, 827 ; Charmatz, p. 233 ; Eisenmann, pp. 667, 668.

Magyar kingdom. Lastly, in the joint bank Hungary obtained an exceedingly important asset.) In 1867, therefore, the compromise was economically advantageous to both countries, and especially to Austrian industry and commerce, so that Austria appeared at first, at all events, to have obtained something approaching equality out of her bad bargain. Since 1867, however, Hungary has made increasing use of her political power to secure economic advantages, while her progress has made the economic union of ever decreasing advantage to Austria.<sup>1</sup>

(In Austria the minor nationalities had not been content with the compromise from the first. The Czechs put forward the historic rights of the kingdom of Bohemia, and similar claims were made, without the same justification, by Galicia and Dalmatia. In the latter province the Servians took up arms unsuccessfully in 1869. With regard to the Czechs, the Emperor seemed at one time inclined to give way, and in 1871 made a conditional promise to recognize the historic rights of the kingdom, and repeat this recognition by the coronation oath; but he was already under obligations to other portions of the monarchy, and he invited the Bohemian Diet to consider how their wishes could be brought into conformity with his obligations. The proposals evolved by the Czechs would have involved the destruction of the Austrian Parliament, and their wishes were strongly opposed at home by the Magyars and abroad by Prince Bismarck. The federalist Hohenwart Ministry fell, and Prince Auersperg took office from 1872 to 1879, when he was replaced by Count Taaffe, who remained in office till 1893. In Hungary Koloman Tisza came into office in 1875, and remained Premier till 1890.

From 1875 to 1879 the monarchy passed through a critical period. First there was the external crisis and the Russo-Turkish War; secondly there was the

<sup>1</sup> Tezner, pp. 129, 142; Friedjung, p. 18; Eisenmann, pp. 639, 640, 645, 646.

internal crisis and the first renewal of the economic union; and thirdly there was the overthrow of the German majority in Austria. These events taken together created a new situation, from which Hungary was not slow to profit. Andrassy, by the inauguration of the new solely Oriental foreign policy, had made Hungary the dominant factor in the monarchy. By the new economic treaty Hungary obtained parity as regards the bank, and a new method of calculation as to the repayment of taxes on exported alcohol and sugar, more favourable than the old method had been.)

Already Hungary, who had safeguarded herself against inferiority, had secured supremacy. Austria was, in fact, losing all her rights except that of paying two-thirds of the cost of the monarchy. The 1887 settlement left things as they were, but from that date onwards instances occur to show that Hungary reaps more and more the benefits of the union. In 1898 Goluchowski, who had succeeded Kalnoky as Foreign Minister in 1896, developed a commercial policy, destined to secure economic expansion and entailing an increase of the fleet. The Budget Commission of the Hungarian delegation thereupon declared that Hungary's export interest was not sufficiently important to warrant the expenditure. As a result, Austria paid 70 per cent. of the cost, but Hungary decided the details of the working of the scheme in accordance with her own interests.<sup>1</sup>

Bosnia-Herzegovina presents another example of the same tendency. Here again Austria pays 70 per cent. of the cost of the occupation, while Hungary prevents Austria from obtaining direct railway communication with these provinces; and as the railways are in Hungarian hands, Hungary rules the tariff, and acquires thereby economic and political preponderance in Bosnia-Herzegovina. A further guarantee of Hungarian influence in the provinces lies in the fact that they

<sup>1</sup> Eisenmann, pp. 660-663.

have been administered by a series of Hungarian Ministers.

(The history of the bank gives another illustration of the ability and tenacity with which Hungary has raised herself to a dominant position, gaining first equality, then predominance. Further, Austria is now, as we have seen, finding Hungary a serious competitor with her in many branches of commerce and industry, and every year sees an increase of Hungarian industrial undertakings. The *raison d'être* of the compromise has, as far as Austria is concerned, to a great extent disappeared, and the conditions under which it was concluded have long since ceased to exist.<sup>1</sup> )

The Magyar-German alliance has definitely broken up, since the German minority has virtually given up attempting to crush the Slav majority, which has also changed greatly in character in the last three decades, having developed, both economically and numerically, out of proportion to the German element. The two allied States are now widely dissimilar: the one is a federation of eight nations; the other is the domination of one over six subordinate peoples—an international as opposed to an insecure national State.

Dualism, far from insuring peace, is a source of much bitterness; while in the view of Charmatz the Austrian universal franchise law has knocked another nail into the coffin of this system, because he holds that no Parliament elected by the people can renounce the rights resigned to the delegations by the old Parliament.<sup>2</sup> The question is asked how much longer Austria will put up with the ten years' leasehold system, which entails ever-recurring crises in her political and economic life, and has forced the Government to devices to obtain Czech support, like the language ordinances in 1897. This was a matter of but small importance in the life of the whole Empire, but a noisy minority was

<sup>1</sup> Eisenmann, pp. 665, 666.

<sup>2</sup> *Fortnightly*, November, 1903; Springer, "Grundlagen," pp. 49, 52, 54, 57, 72; Charmatz, pp. 131-133.

enabled on the strength of it, not only to bring the Parliamentary machine to a standstill, but to produce a situation which had a prejudicial effect on the whole national economic system of credit, industry, and commerce.<sup>1</sup>

The old system has, however, been bolstered up again in 1908, and the question is how long it will last. The ablest students of the situation feel that the internal problem can only be solved by the widest national freedom and autonomy. The solution suggested—that of erecting a monarchic Switzerland as far as the conditions proper to Austria's existence will allow—is one which retains all the political ideas underlying the history of the monarchy. It contains the centralism expressed in the official name Austria, which includes Hungary, and the dualism which was evolved from the sixteenth to the nineteenth century by the successive stages of 1526, 1627, 1723, and 1848. Finally, in the federal basis which it affords it recognizes the essential fact of the composite nature of these polyglot States.<sup>2</sup>

I confess that, in spite of the weight of authority in favour of this view, it seems to me probable that the present system will, without great modification, be carried on in much the same way for some time to come as it has been for the last forty years. The chief obstacle in the way of change at present is the fact that the Magyars are not only opposed to change, but are ready and able to take up arms in defence of their view. The Magyar nation, noble and simple, unlike the Czech nation, or still more the Poles, is absolutely at one, and, however much statisticians may subtract from the figures given of the Magyar nationality, there will yet remain such a formidable number of men in the prime of life ready to die for the idea of their national State, as to render any change improbable except as one of the results of a general European conflagration.

<sup>1</sup> See Eisenmann, pp. 667, 668.

<sup>2</sup> Charmatz, pp. 131-133; Popovici, p. 406; *Fortnightly*, April, 1905; Eisenmann, pp. 29, 680.

## 6. AUSTRIA-HUNGARY A NECESSITY: THE COMMON POLICY OF THE AUSTRO-HUNGARIAN MONARCHY.

Let us now turn to the wider question of the continued existence of the Austro-Hungarian monarchy as a Great Power, as opposed to the question of its internal constitution, dual or federal.

In 1848 Palacky<sup>1</sup> pointed out that the Austrian Empire was a political necessity, and that if it did not exist it would have to be created. In recent years there have been many prophets who, viewing the internal difficulties of the monarchy, have predicted its dissolution on the death of the present Emperor, oblivious of the firm basis of political necessity, which will, in my judgment, assure Franz Ferdinand a much more peaceful succession than his uncle enjoyed in the stormy days of 1848.

Difficulties of a domestic character will no doubt meet the new monarch at the outset. The position of his morganatic wife in Austria is definitely decided, and the children of Archduke Otto are generally recognized as the heirs to the throne; but it is always possible that the Hungarians may choose to recognize her as their Queen, as the statutes of the House of Austria do not apply to Hungary.

The race movements, which will be considered at length later on, are not necessarily dangerous as internal forces. Pan-Slavism, Pan-Germanism, and Irredentism, whether Roumanian or Italian, do not present insoluble problems. In the words of Eisenmann, "*Les Allemands d'Autriche louchent vers Berlin comme les Slaves vers St. Petersbourg pour taquiner le gouvernement autrichien.*"<sup>2</sup> As for separation, the majority in Hungary are shrewd enough to see that union means strength and economic advantage. Neither State in the dual monarchy is able to stand alone, if merely on account

<sup>1</sup> Dr. Franz Palacky, "*Oesterreichs Staatsidee*," Prag, 1866.

<sup>2</sup> Eisenmann, pp. 670, 671.

of geographical position. Cis-Leithania encircles Hungary like a claw, and to maintain a State in such an *Einklammerung* would be impossible; nor, on the other hand, can the ragged half-circle of the Austrian lands be regarded as a self-contained State.<sup>1</sup>

Both countries are necessary to each other; not only does Cis-Leithania prevent Hungary from being swallowed up in the Slav sea, but it enables Hungarian wheat to rule the European market by extending her Customs frontier to Bregenz and Bodenbach. As regards external powers, the need for an effective barrier against Russian aggression affords the surest justification for Austria-Hungary's continued existence. Palacky's dictum is as true as it was sixty years ago; the monarchy is still essential to that balance of power in which England is so vitally interested.<sup>2</sup> In addition to her mission as a factor in the maintenance of that balance, and therefore of peace, Austria has a more active rôle in becoming the standard-bearer of the Roman Catholic Slavs.<sup>3</sup> If she had ordered her policy otherwise, the position of champion of order and liberty in the Balkans might now have been added.

The *Drang nach Osten* is of old standing in the Hapsburg State, and from the days of Eugene it was never entirely abandoned for any length of time until the stagnation of the early nineteenth century under Metternich. From 1867 to 1871 there was a struggle between old Austria and the new Austria-Hungary, the one seeking in Germany the pivot of external policy, the other turning entirely towards the East. Andrassy's Ministry was decisive in the history of the

<sup>1</sup> Springer, "Die Krise," pp. 29, 53.

<sup>2</sup> Scotus Viator, "The Future of Austria-Hungary," pp. 21-24; Popowski, "England und die Triple-Alliance," pp. 6-8.

<sup>3</sup> In Busch's "Bismarck" an election address of a Pole, Dr. Ziemialkowski, afterwards an Austrian Minister, to the effect that Poland must unite with Hungary and Austria and form a federation, is quoted with the observation: "In Polish affairs one is thoroughly accustomed to these castles in the air, but it would really seem as if Prussia and Germany ought to keep a sharp lookout" (Busch, vol. ii., p. 201). A glance at the map of the races and religions of Europe in this volume will show what this implies.



monarchy, for, as we have seen, under him the foreign policy became wholly and solely Oriental.<sup>1</sup>

Charmatz holds that the watchword for Austria must be peace, and industrial and commercial expansion. Such a policy is identical with the summary given by Baron Chlumecky, in 1906, of Austria's objects—"the peaceful endeavour, entirely freed from territorial aspirations, to secure our political, and above all our commercial, supremacy" in the Balkans.<sup>2</sup>

Other writers have held that Austria's mission is to put herself at the head of a federation of strong, young, and vigorous peoples, and become in reality in rejuvenated Europe the Empire of the East.<sup>3</sup>

These ambitions gradually crystallized in the course of 1908, and will have to be considered in the subsequent chapters, together with the internal racial problems. The most definite pronouncement of the new ideals was made in a speech by Baron Aehrenthal, the Foreign Minister who succeeded Count Goluchowski in 1906. It is of particular importance, as it is said to represent the views of the heir to the throne, who is further believed to be in favour of a wide measure of federal autonomy at home, as the foundation of an active foreign policy.

Addressing the Foreign Affairs Committee of the Hungarian delegation on January 27, 1908, Baron Aehrenthal said: "True to our Balkan policy,<sup>4</sup> we aim at no territorial acquisitions. Our mission is economic, and ought to be the more important as the Balkan States are about to enter upon an era of great development. The opening up of Asia Minor and Mesopotamia to trade will always be regarded as a great achievement of German enterprise, but the other civilized nations

<sup>1</sup> Eisenmann, pp. 655, 678, 680; Scotus Viator, "The Future of Austria-Hungary," pp. 39, 41-45.

<sup>2</sup> Charmatz, p. 344; Freiherr von Chlumecky, "Oesterreich-Ungarn und Italien," p. 74.

<sup>3</sup> See Popovici, p. 411.

<sup>4</sup> For Balkan policy see *Fortnightly*, April, 1905, and the *Contemporary*, March, 1908.

are also vigorously endeavouring to develop Turkish resources."

The object of all, he continued, is to increase trade between East and West. In virtue of the possession of Bosnia, Austria-Hungary is a Balkan Power, and by extending the Bosnian Eastern Railway to the Turkish and Servian frontiers she has laid the foundation for further developments. The Servian line of junction is being built, and the Austro-Hungarian Ambassador at Constantinople has been commissioned to apply for permission to survey the ground for a line connecting the Bosnian frontier terminus with Mitrovitzza, in the sandjak of Novi Bazar. This line would enable Austro-Hungarian trade to gravitate via Serajevo towards the Ægean and Mediterranean. The junction between the Greek and Turkish railways at Larissa is hoped for shortly. The shortest route from Central Europe to Egypt and India would thus run by way of Vienna, Buda-Pest, Serajevo, Athens, and the Piræus. Austria-Hungary is warmly supporting the efforts of Greece at Constantinople, and will presently consider the establishment of railway connections with Montenegro.

After a discussion of a reform of the Austro-Hungarian consular system, Baron Aehrenthal concluded: "I must always remember that I have to consider the policy of a monarchy with nearly 50,000,000 inhabitants, situated not only in the centre of Europe, but on the threshold of the East—the East, where many weighty problems are involved. Our voice in the councils of peoples will be heard only as long as our arm is strong," and therefore he requested the delegates to adopt unchanged the estimates for the army and navy.<sup>1</sup>

This speech and the concession for a survey of the Novi Bazar railway, which immediately followed, marked a new departure in Austro-Hungarian policy in the near East. For the previous ten years that policy seemed to have been arranged in accordance with the dictum of Prince Bismarck. "Under any circumstances the share

<sup>1</sup> *Times*, January 28, 1908.

which Austria has in the inheritance of Turkey will be arranged in understanding with Russia, and the Austrian portion will be all the greater the better they know at Vienna how to wait, and to encourage Russia to take up an advanced position." "If," said Prince Bismarck, "Russia were to take up a position on the Bosphorus, and thereby considerably intensify the friction with the Mediterranean States—that is, with England, Italy, and France—it would increase the necessity of coming to an understanding with Austria *à l'amiable*."<sup>1</sup>

Apparently, Baron Aehrenthal—who as Ambassador at St. Petersburg obtained a thorough knowledge of Russia—had convinced himself that Russia was now a quantity which might be neglected, and that it was with Germany, as the dominating influence at Constantinople, that he had to deal. The understanding between Servia and Bulgaria once broken up, all the trump cards seemed to be in his hand, when the Turkish revolution took place and brought in its train a complete transformation of all the problems contained in the Near Eastern Question. Baron Aehrenthal's hand was forced; the independence of Bulgaria was proclaimed, the annexation of Bosnia and the Herzegovina took place,<sup>2</sup> and the Balkans became once more the pivot on which the prospects of peace or war for Europe turn. The semi-official newspaper *Zeit* put the aim of Baron Aehrenthal in a nutshell: "The blow struck from Buda-Pest was aimed without the previous knowledge of British statesmen. It upset King Edward's artistic policy of *ententes*, and showed that, after all, British diplomacy had not all the threads in its hands."

It appeared later on that the policy of *ententes* had received no mortal blow. Russia, England, and France, continued to act together in the cause of peace. Italian public opinion and the Italian Parliament declared definitely in favour of the recognition of international obligations. Only Germany, who disavowed all previous

<sup>1</sup> Bismarck's "Reflections and Reminiscences," vol. ii., p. 279.

<sup>2</sup> See *Times*, October, 1908; also *supra*, p. 635 *et seq.*

knowledge of the annexation, continued her support of her ally, though she tried to render this compatible with friendship with the new régime in Turkey, when the merciless boycott of Austro-Hungarian shipping and products seemed to bode little good for the commercial development which Baron Aehrenthal hoped to inaugurate.

But the development of the new ideals of Austro-Hungarian policy was not the only remarkable part of the speech of January 27, 1908. At the outset Baron Aehrenthal referred to the long series of meetings between monarchs and conferences between Ministers that took place in the summer of 1907, with the object of improving international relations by friendly exchange of views, or of lessening friction. These objects, he declared, had been served by weighty transactions like the Russo-Japanese Agreement, the Anglo-Russian understanding in regard to Central Asia, and the exchange of notes between England, France, and Spain, concerning the maintenance of the *status quo* in the Western Mediterranean and on the north coast of Africa. He rejoiced to be able to note that this policy of drawing closer together extended also to Anglo-German relations, as the reception of the German Emperor in England showed. "It is reassuring that our close ally, the German Emperor, should live on a good footing with England, with whom we ourselves maintain the most friendly relations."<sup>1</sup> These were not quite the observations one would have expected from the policy which the same Minister developed later on in the year. In regard to Italy, Baron Aehrenthal expressed his satisfaction at the success of his endeavour to improve Austro-Italian relations, and, after alluding to the visits exchanged between him and Signor Tittoni, the Italian Foreign Minister, he emphasized the great importance for Austria-Hungary of friendship with Italy, "whose interests run parallel with our own towards the South and the Levant. Popular

<sup>1</sup> *Times*, January 28, 1908.

animosity, formerly nourished in Italy, has not yet entirely disappeared, but has nevertheless waned. I can to-day make the definite and tranquillizing declaration that the two Governments will treat and settle eventual incidents in a manner corresponding to their friendly relationship."

With regard to Macedonia, Baron Aehrenthal observed that, so far as the reform programme of the Powers was directed towards the protection of Macedonian Christians against the Turks, it had been well-nigh realized; but that, on the other hand, the war of extermination between the Christians themselves was being waged more furiously than ever. "The efforts of the Powers can make no headway unless supported both by Turkey and the Balkan States. Turkey has an eminent interest in the reform, for without it her position in the three provinces appears endangered. The Balkan States are equally interested, since the failure of the reforms would create a serious position for the Macedonian Christians, who in many districts are outnumbered by the Mussulmans. From Belgrade, Sofia, and Athens, come impeccable declarations that the formation of the bands will not be tolerated, but the declarations are made with the mental reservation that the others must disarm first. In spite of obstacles, the Powers are determined to persevere in a policy that has kept peace in the Balkans for the last five years."

In regard to the judicial reforms which were being discussed, Baron Aehrenthal laid stress on the fact that the Powers wished to raise the level of the administration of justice by the principle of a control in no way affecting the suzerainty of the Sultan.<sup>1</sup>

The speech is in every respect worthy of study, in the light of the events which took place a few months later. It was a complete declaration, *urbi et orbi*, of a policy calculated to place Austria once more in a leading position in European politics. It remains to be seen whether the orator is a Schmerling or a Bismarck,

<sup>1</sup> See *Times*, January 28, 1908.

whether he can carry out his policy in its entirety, and what modifications or reverses internal and external opposition would bring.

In Austria universal suffrage was not, it seemed, after all, certain to dispel racial conflicts. Should the social democrats fail to make Parliament a working machine, it was plain that recourse must again be had to the hardly concealed absolutism of Article 14<sup>1</sup> of the constitution, a solution dear not only to the bureaucracy, but also to the Press, which under an *ex lex* condition enjoys unusual prestige and power as the only organ of public opinion. Moreover, in spite of the speed with which Austria uses up her public men, there are still good men in the background, such as Baron Coudenhove, the Governor of Prague, and Dr. von Koerber, the ex-Premier, who is probably the most practical Austrian statesman now living.

In Hungary the racial struggle has hardly begun. The Magyars retain their supremacy, and the Suffrage Bill, though it has actually been introduced, is not yet passed, and in its present form is likely to do little good.<sup>2</sup> If, however, the present coalition should become discredited, in Hungary also there is a strong man in reserve, Count Stephen Tisza, still perhaps unpopular, but capable and far-seeing.

With these conditions and prospects, it may well have occurred to Baron Aehrenthal or to the Archduke Franz Ferdinand—if, indeed, Baron Aehrenthal represents his views—that now, if ever, was the moment to unite the peoples of the monarchy in an active foreign policy which would appeal alike to their pride and their pockets. Such a policy could be supported by the final use of the prestige at home and abroad of so beloved a Sovereign as the Emperor and King, Francis Joseph, in his Jubilee year.

The Minister who conceived the idea seems to have well grasped the fact that, as the single-State idea once

<sup>1</sup> See Appendix.

<sup>2</sup> See above, p. 299, and p. 452, footnote.

gave way to the dual-State idea, so now the dual State idea may be made to give way to the federal idea by the development of the Southern Slav elements within and without the Empire. The great internal danger of the policy is the out-and-out resistance of the Magyars to this plan.

It is, however, not impossible that in the long-run the Magyar resistance may not prove so formidable as it seems to be at the present time. For whereas in the Middle Ages religious and dynastic questions were the important factor in the life of a State, and as in more modern times nationality played the leading part, there is little doubt that in the twentieth century economics and economic development will become the decisive factors.

But in the Near East—which, after all, begins at Vienna—there are many traces of the Middle Ages, and when once the southern frontier of Hungary is past, we are face to face with many of those elements of primitive and Oriental civilization which defy calculation.

## CHAPTER XIII

### RACIAL QUESTIONS

1. INTRODUCTORY.
2. PAN-GERMANISM.
3. PAN-SLAVISM.
4. MAGYAR QUESTIONS : (a) Relations of the Magyars with Austria ;  
(b) with the Slovaks ; (c) the Croats ; (d) the Roumans.
5. ITALIAN QUESTIONS.
6. JEWS AND THE ANTI-SEMITIC MOVEMENT.
7. CONCLUSION.

#### 1. INTRODUCTORY.

IN addition to the common affairs, properly so called, there are a large number of questions which are common to the dual monarchy, and in which a common policy is highly desirable. It is not possible within the limits of this book to deal with the vast issues raised by the religious sects. The question alone of the administration of the property of the Roman Catholic Church, which is now so managed in both halves of the dual monarchy as to constitute a bar to economic progress, must sooner or later come up for solution, while that of the intermarriages between Roman Catholics and Protestants, which is now becoming a bitter problem in Hungarian politics, can only be mentioned here.<sup>1</sup>

<sup>1</sup> A table of church property in Austria is given in the Appendix.

In the map on the opposite page attention is drawn to two out of many ethnographical questions not noticed in the text. (1) A distinction may be drawn between the Slovaks proper of North Hungary and those more nearly akin to the Czech and Moravian branches of the Slavonic race ; (2) a distinction may be drawn which marks a real and profound racial difference between the Italians and the curious races known as the Ladins and Friules, which latter, although closely allied, are also different from one another. It is perhaps as well to emphasize once more the necessarily general character







But there are other problems, such as those connected with the terms on which the various nationalities are to live together in both halves of the monarchy, which have so important a bearing on every question discussed in these pages that it is desirable to devote a chapter to them. At any rate, it can safely be said that, if either Austria or Hungary is to reach the highest stage of development of which she is capable, a solution, an equitable solution, and if possible a parallel solution, has to be found to the difficulties aroused by Pan-Germanism, Pan-Slavism, Magyar Chauvinism, Italian and Roumanian Irredentism, and the anti-Semitic movement.

## 2. PAN-GERMANISM.

The foundation of the *Alldeutscher Verband* in 1894, and its active propaganda, attracted the attention of all Europe for the first time to Pan-Germanism; but the movement had been in existence more or less openly since the beginning of the nineteenth century.<sup>1</sup>

Napoleon was, in a sense, the involuntary creator of the German national ideal. His tyranny roused in the German peoples an ungovernable desire for freedom, and rallied round one banner all the little German States, which were chiefly occupied in getting in each other's way. The leaders of the movement were Arndt and Jahn, the "father of gymnasts." The people needed inspiration, and found it in the works of poets—Körner, Schenkendorf, Kleist, and Arndt. The ideal was, it was true, a somewhat vague Utopia, and both rulers and people were inclined to be content with the achievement of the overthrow of Napoleon. Nevertheless, in some of the lyrics Pan-Germanism is clearly expressed. Arndt's "*Was ist des Deutschen Vater-*

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of such a map. An enormous atlas would be required to show the distribution of the races in detail. There are, for instance, not many towns of importance where there is not a considerable German element in the population.

<sup>1</sup> Cheradame, "*L'Europe et la Question d'Autriche*," pp. 69, 70; *Quarterly*, July, 1902, pp. 152, 160; *Fortnightly*, April, 1907.

land?" contains the Pan-German programme in the words:

"So weit die deutsche Zunge klingt,  
Und Gott im Himmel Lieder singt,  
Dass soll es sein,  
Das wackrer Deutscher nenne  
dein!"<sup>1</sup>

"Where'er is heard the German  
tongue,  
And German hymns to God are  
sung,  
There take thy stand,  
And call that land thy Fatherland!"

The union of all the German States erected by the Congress of Vienna was a Pan-German body, but it was without a Pan-German soul. The Bund associated thirty-nine independent German States in a sort of federal union. And the Hapsburg dynasty, as presiding member of the council, though only representing the German provinces, brought in the entire Austrian Empire, which included not only Lombardo-Venetia, but also Hungary, with her vague claim on the "*partes adnexæ regni Hungariæ*"—viz., Bosnia, Servia, Bulgaria, and Wallachia—so that the shadow of Germany's shield was thrown as far as the Balkans. On the other hand, Holland, and even Denmark, had a representative in the German Bundestag, and the King of Great Britain, as Sovereign of Hanover, had a right to a seat in that body!<sup>2</sup> Not only was the spirit of Pan-Germanism absent, but the policy of the Government at Berlin from 1815 to the fall of Bismarck was absolutely hostile to the idea. Pan-Germanism was, indeed, fostered in the Universities, and in students' unions, or *Burschenschaften*, the first of which was formed in 1815; but after the assassination of August von Kotzebue in 1819, owing to the suppression of the clubs, the movement died down, though it never became extinct.<sup>3</sup>

The ideal of the Hohenzollerns' *Realpolitik* was a centralized German Empire—a concentration rather than an expansion. From the German union, inaugurated by the Zollverein (1841) and sealed by the Empire (1871), Austria was excluded. Bismarck, the leading spirit in Prussia, and consequently, after the Franco-

<sup>1</sup> *Quarterly*, July, 1902, pp. 152-154.

<sup>2</sup> *Fortnightly*, April, 1907, pp. 592, 593.

<sup>3</sup> *Fortnightly*, April, 1907, p. 593; *Quarterly*, July, 1902, p. 156.

Prussian War, in Germany, was entirely opposed to the premature schemes for extension advocated by Pan-Germanism. While Prussia was preparing for war with France she could not afford to alienate Austria. After the war the greatest need of the new Empire was peace.

Hence the immediate policy of the Berlin Government was necessarily anti-Pan-German. As regards the future, Bismarck saw in the Roman Catholicism of Austria a serious drawback to that absorption, which he regarded as impracticable. "We could not," he affirmed, "make use of German Austria either in whole or in part, nor would the acquisition of provinces like Austrian Silesia and pieces of Bohemia tend to strengthen the Prussian State. An assimilation of German Austria would not ensue, nor would Vienna be governed as a mere annexe from Berlin." Until his fall Bismarck continued to oppose Pan-Germanism, and it was from him that Schönerer, the leader of Pan-Germanism in the Austrian Reichsrath, received a rebuff on attempting to stir up feeling in Germany.<sup>1</sup>

Governmental authorities were long imbued with Bismarckian principles, but after the fall of Bismarck Pan-Germanism began slowly to gain ground in the German Empire. The *Gazette of Augsburg* declared in 1859 that Germany stood in imperative need of the acquisition of Austria, as necessary to her development and to her position as a Great Power.<sup>2</sup> This view is, according to Cheradame, that of Bismarck's successor to power, William II. Identity of race and language is a mere pretext. Military and political advantages are the only real factors which have weight with Prussia, coupled with the fear of the growing power of the Slav.<sup>3</sup>

In Austria the Pan-German movement is of more recent origin than in Germany. The Pan-German

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," p. 12; *Quarterly*, July, 1902, p. 159; Cheradame, "L'Europe et la Question d'Autriche," pp. 63, 65, 108, 109.

<sup>2</sup> Cheradame, "L'Allemagne, la France, et la Question d'Autriche," pp. 9, 11.

<sup>3</sup> Cheradame, "L'Allemagne," etc., pp. 2, 3, 11-15.

party began to form at the time of the Hohenwart Ministry in 1871. The leader of the Prussophiles, Herr Schönerer, announced in Parliament in 1878 that the Germans in Austria experienced a growing desire for union with the German Empire, but he had few adherents except among the students and the raw lads from the technical schools.

After 1890 the Pan-German parties both in Germany and Austria came into much greater prominence. From 1890 to 1894 innumerable pamphlets appeared urging schemes for the extension of the German Empire and the union of the German peoples. In 1894 the Pan-German League was founded. According to the league, the war of 1870-71 did not complete once and for all the position of Germany, but rather opened up "a series of problems and duties new and great, the ignoring of which would bring about the ruin of Germany as a nation." Among these duties, Bley reckons "a closer economic and political connection with all other States of German race—that is to say, with Austria, the two Netherlands, and Switzerland—and outside Europe the acquisition of suitable colonial possessions beyond the seas, which will not only give elbow-room for the annual addition to our population of nearly 600,000, but will make us economically independent of foreign countries."

Since 1894 the *Alldeutscher Verband* has continued an active propaganda in every part of the world in which Germans are scattered, has published a weekly paper, the *Alldeutsche Blätter*, and has gained several adherents in the Austrian Parliament. Among its schemes has been the extension of the *Zollverein* to embrace all Central Europe, and in particular Austria, a scheme to which, as we saw above, Austria was only too willing to adhere in the earlier part of the latter half of the nineteenth century, but which would now have many opponents in the dual monarchy.<sup>1</sup>

<sup>1</sup> Cheradame, "L'Europe et la Question d'Autriche," pp. 108, 109, 167; *Quarterly*, July, 1902; Cheradame, "L'Allemagne, la France," etc., pp. 2, 3, 6.

For years, Pröll, one of the leading Pan-Germanists in Germany, distributed Christmas-trees to poor children of German parentage in Austria-Hungary, appreciating the importance of a sentimental basis to such propaganda. Another popular means of spreading Pan-German feeling is the circulation of picture postcards representing each new phase in the Pan-German campaign. According to Palmer, the Pan-German schemes are no political dream, but are thoroughly organized, warmly supported, and liberally financed by business men and members of every class of society as well as politicians.

To promote its object, the league has formed centres in all the countries whose inhabitants are to be Germanized, and these are in touch with headquarters in Germany, by which they are controlled and financed. In 1901 this powerful organization had no less than 20,000 adherents. In Austria-Hungary alone there were eighty-five centres, a large section of the press was under its control, and twenty members of the Austrian Parliament were its devoted adherents.

Scientific, literary, artistic, and other associations having no ostensible connection with the league are invaluable auxiliaries for the propaganda. The influence of the league is further increased by the mutual assistance that its commercial members resident abroad pledge themselves to render one another for the extension of German trade. German members or associates settling as clerks or employés in Austria-Hungary, or in any of the countries mentioned above, are promised assistance from other members, and are invited to apply to the nearest centre, to which their names are transmitted, should they require advice or aid of any kind. The intervention of the league in Austrian affairs dates from Count Badeni's language ordinance, which, as we have seen, only carried out the equality of languages promised in Article 19 (Law 142, December 21, 1867), in the Austrian constitution of 1867: then for the first time the Schönerer party, which had added to their influence by their anti-Semitism, began to play a leading part in politics.

The programme of Hasse and Schönerer was to agitate Austria on the pretext of the ordinances, and Germany on the pretext of Pan-Slavism, until the Government of Berlin should be forced to interfere. In 1897 the great Dresden meeting was organized, and the demonstration at Leipzig published an appeal to all the Germans of the Continent to unite, at the same time praising the Germans of Austria for their courageous struggle. In 1899, after an interview between Prince Hohenlohe and the Austrian Emperor at Ischl, the language ordinance was withdrawn. At the annual general assembly of the Pan-German Union at Mainz on June 6, 7, and 8, 1900, it was affirmed that the maintenance of Germanism in Austria was a question of life and death for the German people.<sup>1</sup> In short, in the four years following the publication of the ordinance meetings were multiplied, and the German Press fulminated against Badeni. Mommsen's letter of October 31, 1897, to the *Neue Freie Presse*, in which he attacked the Slavs in unmeasured terms, was warmly applauded in the leading articles of the German newspapers, while Hasse and his friends were treated with sympathetic condescension by German officials. Cardinal Kopp in 1899 founded a new seminary with the avowed object of forming a Prussophile clergy in Austrian Silesia, to replace that of the existing seminary, which was loyal to Austria. In the same year the leaders of the Pan-German party, not content with inflaming the public mind on the language question, and undermining the whole social fabric of Austria, fell upon the Church of St. Peter with the cry of "Los von Rom!" and insisted that all Germans should instantly go over to the religion of Luther.<sup>2</sup>

Politico-religious meetings were organized all over Austria, and especially in Northern Bohemia, Schönerer

<sup>1</sup> Cheradame, "L'Europe et la Question d'Autriche," pp. 112-114; Palmer, "Austro-Hungarian Life in Town and Country," pp. 199, 200; Cheradame, "L'Allemagne," etc., pp. 22, 23, 26, 27, 35, 36.

<sup>2</sup> Cheradame, "L'Allemagne," etc., pp. 35, 36, 38, 39, 55-57; *Quarterly*, July, 1902, p. 171.



not scrupling to reawaken the old memories of the Thirty Years' War. The Pan-Germans laid stress upon the utilitarian aspect of the religious question, upholding the theory that Catholicism and degeneracy go hand in hand. Dr. Kramarsch, the Czech leader, however, stated in 1901 that he could see nothing religious in this movement, and Archduke Franz Ferdinand, in his blunt statement that "los von Rom" meant "los von Oesterreich," put the matter in a nutshell.<sup>1</sup>

This anti-Catholic agitation has met with the grave disapproval of the Government, and the heir to the throne has thrown himself actively into the fray on the side of the Church by accepting in 1901 the presidency of the Katholischer Schulverein für Oesterreich, a society intended to combat the "los von Rom" movement. Thanks to vigorous action and widespread reprobation, this new phase of the Pan-German propaganda, the "los von Rom" movement, has not proved successful, and has gradually died down. As regards the other forms of the Pan-German propaganda, the Government has shown itself extremely weak, with the result that Pan-German ideas have continued to spread and to gain in strength.

The troubles which broke out all over Austria in 1899, and which were ostensibly due to the increased taxes on sugar, beer, and petrol, have been attributed by Cheradame to Pan-German activity, and there is evidence to support his view. At Graslitz, in Bohemia, the Prussophiles sang the "Wacht am Rhein" during their riot.<sup>2</sup> At Asch the Austrian arms were pulled off the Custom-house; at Graz the crowd shouted out hostile remarks against the dynasty as they attacked the palace; at Vienna the demonstrations were directed by Schönerer's agents; while at Klagenfurt the object

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," pp. 8, 9; Cheradame, "L'Allemagne," etc., p. 168; Cheradame, "L'Europe et la Question d'Autriche," pp. 117-120.

<sup>2</sup> Weil, "Le Pangermanisme en Autriche," p. 209; Cheradame, "L'Europe et la Question d'Autriche," pp. 117-120; Cheradame, "L'Allemagne," pp. 155-163.

of attack was the Archbishop, who is noted for his devoted loyalty to Austria. On each occasion, therefore, the disturbances were of a nationalist character, and the fact that they arose only in German districts and at the same time further bears out Cheradame's inference—that the riots were not the outcome of popular irritation, but the work of clever agitators.

Another phase of the Pan-German movement is the strong antagonism, which has been greatly heightened recently, between the Slav and German officers in the Austrian army, and the disorders and quarrels between German and Slav troops at the manœuvres in 1899, 1900, and 1901. The movement is perhaps at its strongest in German Bohemia. It is stated that in the bow of the circle formed by Troppau, Trautenau, Reichenberg, Leitmeritz, and Eger, Austrian feeling has virtually disappeared except in the Czech communes. The urgency motion brought forward in Parliament on March 4, 1906, demanding that a separate constitutional status should be created for Austrian Poland and Galicia, so that by the exclusion of the ninety-five Galician deputies German preponderance might be secured, was a desperate attempt to neutralize the effect of the suffrage law, which is calculated to reduce racial friction, and which therefore strikes a blow at disruptive tendencies and lessens the inducements to union with Germany. Stein's speech in defence of the motion, which was thrown out, illustrates the aims and boldness of the Pan-German party. "Our action does not affect the great Pan-German idea, which gives to us the firm conviction that the German people now living in Austria will presently be united with their racial brethren under the glorious protection of the Hohen-zollern."<sup>1</sup> A similar manœuvre undertaken with regard to the combination of the three or four German hamlets in the Trentino with the distant German constituency of Meran, in order to create a pretext for constant Pan-

<sup>1</sup> Cheradame, "*L'Allemagne, la France, et la Question d'Autriche*," pp. 163, 164, 196-204; *Times*, Vienna, March 27, 1906.

German agitation in the heart of the Italian Tirol, was also thwarted in time. But agitation was nevertheless attempted in those districts in July, 1907, and resulted in considerable disturbance.

In view of the strength of the Pan-German movement, which, as we have seen, survived half a century of repression, only to reappear under the new conditions with far greater vigour and practical force, it is difficult to understand the attitude of those who insist upon regarding Pan-Germanism as purely sentimental and without political value. According to this view, the mighty Pan-Germany stretching from the North Sea to the Adriatic "will never be anything more than what it is—a dream," or "a patriotic sentiment which some irresponsible politicians have attempted to convert into a practical policy, but without success."

As regards Pan-Germanism from without, it may be that the suspicions of the Austrian Emperor are lulled by the traditions of Prussia's former antagonism to the movement, and by the very friendly relations of the Courts, though another aspect might be given by the fanciful to some of the circumstances of the visit of congratulation paid by the German Emperor and German Sovereigns to Schönbrunn in the summer of 1908. Witness the ill-will of the Austrian Slavs and the apparent reluctance of Francis Joseph. In Austria-Hungary itself the Emperor does not or will not see the gravity of the situation. The treason of Stein and Schönerer leaves him undisturbed. To him Pan-Germanism is merely another of the many movements which have agitated the public mind during his reign, and which have left the throne as secure as ever. "J'en ai vu bien d'autres depuis 1848," he replies to anxious counsellors. Prominent men of other parties do not share the tranquillity of the Emperor. Men of such varying views and position as the Archduke Franz Ferdinand, the heir to the throne, Prince Liechtenstein, Dr. Lueger, and Dr. Kramarsch, are alive to the danger

of the designs of this small but perfectly organized and vigorous body of agitators.

In 1901 Dr. Kramarsch stated that the real object of the "los von Rom" movement was to prepare the annexation of Cis-Leithania to the German Empire. The Government, he went on to say, "has not the courage publicly to declare that the Pan-German propaganda is a danger to Austria. This mistake will be dearly paid for."<sup>1</sup> At all events Pan-Germanism in the country of "realized improbabilities" is by no means a factor to be neglected in a survey of the political situation.

The ideal of extremists who believe that the *Drang nach Osten* was a mission entrusted by Providence to Germany is to see Amsterdam, Rotterdam, and Antwerp, as German ports in the north, Trieste and Salonika as German ports in the south. Enthusiasts even see the Danube made a German river from source to mouth, and the mailed fist stretched out over the Balkans far away down the Bagdad railway to the Persian Gulf, and William II. as the Protector of a Pan-Islamic movement. The more practical portion of the dream is the formation of a compact State in Central Europe far surpassing the medieval Empire, capable of defying armed intervention by its population of 80,000,000, and with frontiers far stronger than those of the German Empire of to-day. German commerce would receive an impulse from the extension of the Zollverein, and would control an internal market as large as that of the United States; the acquisition of Trieste would secure fresh triumphs to the German mercantile marine; while not only would Cis-Leithania be rescued for German culture and ideals, but a fatal blow would be struck at the Slav peril.<sup>2</sup>

<sup>1</sup> *Times*, Vienna, April 12, 1908; Vienna, May 10, 1908; *Morning Post*, Vienna, May 8, 1908; *Fortnightly*, April, 1907; Cheradame, "L'Europe et la Question d'Autriche," pp. 125, 127, 133-138, 141, 142; Cheradame, "L'Allemagne," pp. 164, 167, 168.

<sup>2</sup> *Fortnightly*, April, 1907; Scotus Viator, "Future of Austria-Hungary," pp. 2, 3.

Much can be said for Pan-Germanism as a movement with a future, for psychological, political, economic, and religious motives have been adroitly combined to enhance its importance at the present day. The use of the psychological moment is well exemplified by the congress held at Berlin on September 6, 1908, under the presidency of Herr Class, who has been conducting the affairs of the league since the death of its founder, Professor Ernest Hasse, of Leipzig. Germans have now a vague idea that a hostile world is hemming them in, and the Presidential address took the Chauvinist line of not only expressing satisfaction with the Polish expropriation law, and the rendering of the German language compulsory at public meetings, but also of expressing dissatisfaction alike with the navy Bill and the conduct of foreign affairs. Moreover, Herr Class avowed the opinion that an understanding with England was undesirable, as it would put an end to the independence of the German Empire and its right to control its own destinies, and added that persistent attempts to keep Germany in the background might some day bring her patience to an abrupt and sudden end. The political advantage to be gained is the destruction of, or, at any rate, successful opposition to Pan-Slavism.<sup>1</sup> Out of the economic situation the Pan-Germans make great capital since the publication of Williams' book, "Made in Germany," and the precautions subsequently taken both in England and her colonies against German dumping; and, further, since the McKinley Bill and the Dingley Tariff, Germany has been obliged to lower her prices and her profits, while there has been over-production and lack of capital, so that the importance of finding fresh markets has become increasingly urgent. Neither the recent commercial crisis nor the recent agreement between the United States and Germany has diminished this need. Now the Zollverein, it is recognized, brought prosperity, and an extension of the

<sup>1</sup> Denis, "*La Bohème depuis la Montagne Blanche*," vol. ii., pp. 626-628; Cheradame, "*L'Allemagne*," etc., pp. 11-16; *Times*, September, 1908.

Customs territory would assure German commerce a wider field. With the mouth of the Rhine under German protection and the ports of the Adriatic manned by her marines, with her tropical colonies well organized, as Herr Dernburg means to organize them, and a strong navy to keep trade routes open, Germany's existence as a nation would be secured.<sup>1</sup>

According to German writers, and also according to an article in the *Contemporary Review* of 1903, there is a danger of Germany being squeezed out by the three great empires of the future—Russia, England, and the United States. From this point of view the writer in the *Contemporary* considers Pan-Germanism an “honestly intelligent effort to forecast the future.” It seeks to assure Germany a comfortable home in the future, and a reasonable share of the good things—to use Prince Bülow's phrase, “a humble place in the sun.” Further, not only must Germany make herself economically independent, but she must also find elbow-room for the annual addition to her population of nearly 600,000 persons; though it should be observed that a far smaller number of these now emigrate, and the German Empire is capable of maintaining a far larger population than it now holds.<sup>2</sup>

The religious motive, which apparently presents a serious obstacle, really forms an inducement to a considerable section of William II.'s subjects. With the addition of Austria, the Roman Catholics would be brought up to 26,000,000, against 31,000,000 Protestants; or, as a later writer estimates, 41,000,000, against 35,750,000 Protestants. In any case, the addition of Austria would enable the Roman Catholics to hold their own in Greater Germany, which explains the favourable light in which the Roman Catholic Church in Germany views Pan-Germanism.<sup>3</sup>

<sup>1</sup> Cheradame, “L'Allemagne, la France, et la Question d'Autriche,” pp. 10-15.

<sup>2</sup> *Contemporary Review*, August, 1903; see *Quarterly*, July 1902.

<sup>3</sup> Cheradame, “L'Europe et la Question d'Autriche,” pp. 17, 18, 79, 80; Scotus Viator, “Future of Austria-Hungary,” p. 8.

According to Cheradame, Germany is no longer afraid of adding to its Catholic population. The Emperor's policy is a mixture of Pan-Germanism and Pan-Hohenzollernism. He wants to put Rome at the service of his commercial extension in the Near as well as in the Far East. Hence his alliance with the Jesuits, "the vanguard of Pan-Germanism."<sup>1</sup>

As regards Austria, the Pan-Germans urge that she, above all other German-speaking nations, would gain by incorporation in Greater Germany. Prussia, it was said, has not a big enough body for her soul ; Austria has not a great enough soul for her huge body. Germany has too many Princes, Austria too many peoples. Austria has need of a dominant race ; Germany would supply that want. The union of the German and Austrian fleets and armies would enable Pan-Germany to face the opposition its creation would arouse. There seems little doubt that the German Emperor is favourable to the movement. The danger from the activity of that enterprising ruler and his priestly allies threatens, according to the *Times*, many countries, and involves political and economic expansion. It is noticeable that Mommsen, Goltz, and Cardinal Kopp, leading Pan-Germanists, have all been the Emperor's personal friends.

On various occasions, moreover, the German Kaiser has made significant observations which show the directions in which his ambitions lie. Thus, on October 4, 1900, on laying the foundation-stone of the Roman Museum at Saalburg, he expressed the hope that the German Fatherland would become as powerful, as strongly united, as "extraordinary" as the Universal Roman Empire. On November 29, 1900, on inaugurating the monument of Charles IV., King of Bohemia 1346-1878, William II. observed : "This Emperor, who built a splendid castle in this city, situated at an important junction of the Elbe, was singularly able to understand the questions which occupy us at present.

<sup>1</sup> *Times*, September, 1906 ; Cheradame, "L'Allemagne," etc., pp. 17, 18.

Perhaps he often meditated here upon the plan which he conceived of creating a Northern Empire, of which the Elbe should be the basis." Could the German Emperor express himself more clearly "without passing the bounds of all discretion"?

Cheradame is haunted by the fear of German aggression, and appears to anticipate a rapid and successful campaign which would end in Austria's absorption before dumbfounded Europe had time to intervene. Austria once lost, the German Colossus, bestriding the Continent, could hardly, he thinks, be overturned. "Le fait accompli supprime toute objection."<sup>1</sup> North Bohemia, he thinks, is ready to rise in favour of Prussia, and Germany only requires her opportunity, which will be furnished by the death of Francis Joseph and the difficulties which will then inevitably arise. The *solution préservatrice* is to be found, according to this writer, in the vigilant support of Austria by Russia and France, and by internal federation within the monarchy.<sup>2</sup>

Without minimizing the danger of the Pan-German movement, other writers assert that Cheradame, though he does not misstate the facts, has yet taken an exaggerated view of their importance, not giving due weight to the very serious obstacles against which William II. and his German adherents in Austria would have to contend, both externally and internally.<sup>3</sup>

To begin with, the commonplace that the Austrian Empire is likely to break up on the death of Francis Joseph has been called in question. The danger no doubt exists, but it has been overrated. Again, the reform of 1906, which swept away the curial system, has transformed the Austrian Chamber into one of the most democratic in the world, and has strengthened the hold of the Hapsburgs upon their peoples. And Pan-Germanism, it must be remembered, would mean the loss of the dynasty.<sup>4</sup>

<sup>1</sup> Cheradame, "L'Allemagne," etc., pp. 36-39, 55-57, 67, 68, 71-75, 82-87; also see pp. 198-204.

<sup>2</sup> Cheradame, "L'Allemagne," etc., pp. 199-204.

<sup>3</sup> See Denis, "La Bohême depuis la Montagne Blanche," vol. ii., p. 627.

<sup>4</sup> Scotus Viator, "Future of Austria-Hungary," pp. 5, 7, 11.



Historic tradition and caste feeling would combine to make Austrian Conservatives hostile to Austro-German union. It would be very difficult to assimilate the widely differing diplomatic ideals of Berlin and Vienna. Moreover, despite identity of language, there is a great gulf between the Austrian and the Berliner. Their *mentalité* is almost antipathetic. The Viennese is gay, affable, simple; the idea of becoming the vassal of the arrogant Prussian would be abhorrent to him. Nor are the Germans of Cis-Leithania, who are separated from Northern Germany, except in North Bohemia and the Tirol, by a solid phalanx of 6,000,000 Czechs, unanimous. The three groups (of the old Parliament)—the Federalists, the Centralists, and the Irreconcilables—number, very roughly, 3,000,000 each. The first two are tending to unite, and only the third group—that is to say, one-third of the German party—are in favour of altering the present frontier. Not only do the Czechs and other Austrian nationalities resent the idea of Germanization, but many of the Germans feel that the success of Pan-Germanism would be disastrous to Austria, as well as to the balance of power in Europe.<sup>1</sup> Opinion as regards the Church question also is not unanimous, and it would appear, from the desperate efforts made under the “*los von Rom*” movement at wholesale conversions, that, in spite of the attitude of William II., the Pan-German party in Austria are not prepared to ally themselves with the “*Scarlet Lady*.”<sup>2</sup>

Bohemia presents one of the hardest of the problems of internal policy which Greater Germany has to face. If Germany contented herself with the seven German-speaking provinces of Austria, the rest would probably gravitate towards Russia, which would give the St. Petersburg Government vast geographical and strategical advantages. Hence, Germany would be forced to absorb the Slavs, both north and south. The problem of the disaffected Slavs would be one of enormous difficulty.

<sup>1</sup> Cheradame, “*L’Allemagne*,” etc., pp. 108-116.

<sup>2</sup> See Scotus Viator, “*Future of Austria-Hungary*,” pp. 8-10.

Again, supposing that the Germans of Austria, Switzerland, Holland, and Belgium, were content to stand in the same relation to the Empire as their brethren of Bavaria and Saxony, they would find a difficulty in overcoming the dissidents within their borders—the Slavs in Austria, the Italians and French in Switzerland, and the Walloons in Belgium. Lastly, the Dutch Premier, Dr. Kuyper, has stated his conviction that, by adding Holland to her Empire, Germany would saddle herself with an Ireland which would one day be her ruin. The attitude of Greater Germany would have to be that of the Erl König: “Bist du nicht willig so brauch’ ich Gewalt.”

External opposition would be no less serious. France’s very existence as a Power would be at stake should Greater Germany be realized. Italy and Russia would probably be drawn into war on the French side, and in the face of this coalition the Hohenzollern would have no British subsidies to fall back upon, as in the days of Frederick II.<sup>1</sup> On these grounds, in spite of well-founded reasons for watchfulness and even some anxiety on the part of the Great Powers interested in the peace of Europe, it seems unlikely that Cheradame’s nightmare will remain anything but a wholesome warning to Vienna and to Paris.<sup>2</sup>

### 8. PAN-SLAVISM.

Pan-Slavism within the Austro-Hungarian monarchy is a pretext for the advance of the Slav nationalities, economically, politically, and last, but not least, socially. Outside the monarchy it is a political programme.

<sup>1</sup> With regard to Belgium, the treaty obligations of 1839 would bring a British army into the field, while the Dutch colonies and the Belgian Congo State are protected by the British fleet, which has been for more than a century, to an extent too little appreciated either at home or abroad, the policeman of the seas. Apart from the work of putting down the slave trade and stamping out piracy the world over, the British fleet assures at this moment to its owners such valuable possessions as the island of Madeira.

<sup>2</sup> *Quarterly*, July, 1902, pp. 162-164; see Scotus Viator, “Future of Austria-Hungary,” pp. 4, 5.

Thus, Sir Charles Eliot says: "Pan-Slavism is much talked of in the Austrian Empire; but it is rather a means of extorting concessions from the Government than a serious project of disruption. The Bosnians, Bohemians, and Poles, would probably be very unwilling to be really detached and made independent, unprotected States." Scotus Viator puts the reverse of the shield in the words: "In effect, the Russians are either the champions of Slavism and its future, or else Turanians—no true members of the European polity."<sup>1</sup>

(Like Pan-Germanism, Pan-Slavism was a Chauvinist movement in its origin, a revolt against the oppressor; but, unlike Pan-Germanism, Pan-Slavism remained for a long time, as it began, a literary movement, while within Russia it was a traditional policy which pursued the double aim of intimidating Austria and extending Russian rule.<sup>2</sup> The idea of moral, intellectual, or political solidarity among all the members of the Slav race came in the first instance from the smaller Slav peoples of the West—the Croat, the Slovak, and the Czech. Hatred of the tyrant, whether Hungarian, Turk, or German, awakened the consciousness of poets and historians, who comforted themselves for present ills by memories of primitive unity, and hopes of reconstituting that unity in the future.

Krijanitch, a Croatian living in the seventeenth century, was the great forerunner of modern ideas. He was the first to understand all the miseries of his race and to seek a remedy for them. His remedy was the union of all Slav peoples under "the very gentle and very illustrious Lord of Russia." To Krijanitch the Russian Empire was the cradle of the Slav world; he desired to create a Pan-Slavonic idiom and a Pan-Slavonic literature. "I have found," he wrote from Russia, "the only King of my nation. I have come to my people and my true Fatherland . . . the only

<sup>1</sup> Sir Charles Eliot, "Turkey in Europe," p. 344; Scotus Viator, "Future of Austria-Hungary," p. 18, "Russian Affairs," p. 611.

<sup>2</sup> See Scotus Viator, "Future of Austria-Hungary," pp. 16, 17.

country in which they can profit by my works." Although a Roman Catholic priest, Krijanitch was sympathetic to Slav Orthodoxy. That the Slavs should play the part of conciliator between Rome and Byzance was his dream.<sup>1</sup> After his death the Pan-Slavist literary movement appears to have remained dormant until the revival of the nineteenth century.)

Pan-Slavism as a political programme was pursued by Russia from the time of Peter the Great. In that reign the claim of the Tsar to be successor of the Eastern Emperors took definite shape, and the outcome of that claim, which forms the central idea of modern Pan-Slavism, is that Russia should become the overlord of the entire Slav race. In the eighteenth century the Serb students of South Hungary began to find their way to Russian Universities. The Empress Elizabeth built a church for the Roumanians at Kronstadt. Catherine II. sent a Russian Colonel to Tokay to buy wine for the Court, and the agency remained for other purposes for thirty years. In fact, intrigue in Austria became part of the settled policy of Russia; but it was not till the time of Nicholas I. and his successors that Pan-Slavism became a real factor in European politics; nor did Russian machinations meet with any considerable success up till 1867, according to Bidermann, whose book, "*Russische Umtriebe in Ungarn*" was published at that date.<sup>2</sup>

The Pan-Slavist literary movement of the nineteenth century was inaugurated by Kollar and Charfarjik, and amongst its leaders was Celakovsky, a pupil of Kollar's. Kollar, himself a Slovak, and a Protestant, like most Slovaks, was purely literary in his Pan-Slavism at first, his great desire being to establish literary reciprocity among the Slavs of all branches. This reciprocity was in no way connected with political unity, and was, he urged, possible for a nation practising several religions,

<sup>1</sup> Leger, "*Nouvelles Études Slaves*" (1880), pp. 1, 2, 4, 8-10, 13, 14, 17, 18, 35, 37, 39, 47.

<sup>2</sup> Scotus Viator, "*Future of Austria-Hungary*," pp. 16, 17; Bidermann, "*Russische Umtriebe in Ungarn*," pp. 18, 19.

using several alphabets, and living in several climates. It does not involve intrigue or revolution, nor is it dangerous to temporal authority. Later, however, in some parts of his great masterpiece, "The Daughter of Slava," a collection of more than 600 independent sonnets, he deviates from his original teaching. His Pan-Slavist ideal has become militant, and he looks to the time when the Slavs shall reconquer the country of which the Germans have robbed them. The literature of "ce peuple de colombes" should, Kollar claims, be richer than that of all other peoples, since the Slavs, living in all climates and representing all forms of religious life, should enjoy a more varied inspiration.<sup>1</sup> "Literary Reciprocity amongst the Diverse Branches and the Diverse Dialects of the Slav Nation," a small work published by Kollar in 1837, marks a date in the history of Pan-Slavist thought. It is the manifesto of literary Pan-Slavism, and the epitaph inscribed by Kollar's compatriots on his tomb shows their appreciation of his work: ". . . Alive he carried in his heart the whole nation; dead he lives in the heart of the whole nation."<sup>2</sup>

Meanwhile, between 1830 and 1840 *Rassenfanatismus* in Russia had also found expression in a literary movement—that of the Moscow Slavophiles, who preached the absolutism of the Tsar and the necessity of preserving the village community. Pan-Slavist ideals were a later and more political development of the Slavophile doctrines. The Russian Pan-Slavists saw Russia as the world-power of the future, stretching from the Grecian Archipelago to the White Sea, and from the Adriatic to the Pacific Ocean, with all Asia as a field for conquest and colonization.<sup>3</sup>

In 1848 a Slav Congress, held at Prague, declared for a universal Pan-Slavist alliance, which, however,

<sup>1</sup> Leger, "Russes et Slaves" (1896), pp. 292, 293, 303, 304, 308, 315, 318-320.

<sup>2</sup> Leger, "Russes et Slaves" (1896), pp. 301-304, 308.

<sup>3</sup> Pröll, "Auf Leben und Tod," pp. 30-32; Drage, "Russian Affairs," pp. 44-46, 48-50.

it appeared later to be impossible to engineer. The heart and soul of the congress was the Slovak Stur. In spite, however, of the Pan-Slavist propaganda, it is a noteworthy fact that German was found to be the only common language of the congress. Chairs of Slav literature were founded as a result of the meeting, but scientific relations between the various Slav races were still rare. If the congress accomplished little, however, it demonstrated the existence of an immense power which could no longer be neglected.<sup>1</sup>

The patriot poets of the second half of the nineteenth century were the Czech School, amongst whom were Svatopluk Cech and Vrchlicky; but the literary movement had begun to take the second place in the Austrian Slav revival. After 1860 the Czechs, having remodelled their language and organized themselves, emerge from the heroic age of the literary period. Palacky and Havlicek are the leaders and representatives of the reaction against the exuberance of the Pan-Slavists. The literary movement had not fulfilled the grandiose hopes it had inspired. Palacky brought the Czechs back to more concrete ambitions, and gave them a definite practical programme.<sup>2</sup> The supreme merit of this illustrious historian, "à l'âme de cristal," was his realization of the fact that political liberty is the essential condition of national independence. He deprecated centralization. Each nation must be given free scope. In Austria the exclusive victory of one race will be the signal of fatal decadence, and perhaps of the ruin of the dynasty.

Havlicek returned from a two years' sojourn in Russia cured of his Pan-Slavist views, and imbued with the same ideas as Palacky, desiring equality for Czech and German alike. "Kollar's idea," he said, "is vain. The Russians, the Poles, the Czechs, the Illyrians, do

<sup>1</sup> Pröll, "Auf Leben und Tod," pp. 33, 34, 38; Leger, "Russes et Slaves," 1896, p. 261; Denis, "La Bohême depuis la Montagne Blanche," vol. ii., pp. 156, 157.

<sup>2</sup> Leger, "Russes et Slaves" (1899), pp. 258, 261, 262; Denis, vol. ii., pp. 53, 140, 156, 157, 191.

not form one single people. . . . To be good Slavs, we must above all seek the welfare of our own nation. Doubtless we are free to wait passively till the given moment when Russia will rescue us from our enemies; that is very comfortable and moderately honourable. But we can also work ourselves, in order to serve our nationality, and in serving the idea of liberty, of which Russia is ignorant, exercise a good influence on it. I do not contest the idea of Slavia, but it has as a basis the reality of the diverse Slav groups."

As early as the 1848 congress Palacky declared that Pan-Slavism would disappear before justice. After his visit to Moscow in 1867, he asserted that the idea of the universal monarchy of Russia, which had haunted him in 1848, was a myth.<sup>1</sup> Russia, he maintained, could not afford to expand her already unwieldy Empire; a new Slav idiom was unfeasible; finally, in the religious question he saw an insurmountable obstacle. The absorption of Protestant or Roman Catholic Slavs by the Orthodox Church was impossible. Nay, more: in his view the Russian Empire was not based on Slav principles, but on an amalgamation of German and Mongol principles. To annex new elements would threaten to alter the historic character of Russia. On the other hand, the Czechs would no more fuse with Russians than with Germans, though a moral and intellectual *rapprochement* between these peoples, "still too ignorant of one another," was desirable.<sup>2</sup>

According to Pröll, the Moscow congress of 1867 was a sign of Slav solidarity, which was cemented by fear of the new German solidarity. At any rate, Pan-Slavism, which had fallen into the background in Russia after the Crimean War, was now revived, and grew stronger, till it led to the Russo-Turkish War of 1876-77.<sup>3</sup>

In Austria, however, there came a vigorous reaction

<sup>1</sup> Denis, vol. ii., pp. 140, 156, 157, 193, 195, 226, 227, 293.

<sup>2</sup> Leger, "Études Slaves," 1875, pp. 339-341.

<sup>3</sup> See Pröll, pp. 30, 31.

against Pan-Slavist ambitions. In 1866 the Czechs had declared, at the Diet of Prague, that "Austria must be preserved, and we must be preserved within that Empire." In 1868 the *Correspondance Tchèque* defined the relations between Austria and Russia. While thanking the Russian journals for their sympathy, the *Correspondance* stated emphatically that it did not participate in the desire to see all the Slavs united in one single nation, "not wishing at any cost to deny our history or lose our individuality. . . . It is as a nation, and not otherwise, that we desire to remain on good relations with other Slav nationalities." According to Cheradame, these sentiments are *a fortiori* those of the Slovenes and Serbo Croats, since "Hungary forms an impassable barrier between them and Russia."<sup>1</sup>

In the seventies and early eighties Russia began a vigorous Pan-Slavist propaganda, the object of which was the overthrow of the Hapsburg dominion. Pan-Slavist agitators began to stir up feeling in Austria. Meetings and literary propaganda were organized, and proselytism on behalf of the Orthodox Church was pushed forward. General Rostislav Fadejef expressed the opinion that Russia's salvation lay in the break-up of Austria, thus confirming the view that Russia's road to Constantinople "lay through Vienna."<sup>2</sup>

In the nineties the proselytizing and general propaganda had serious results in South Hungary. The movement grew so strong that it penetrated all over North Hungary and into Galicia. In 1897 there were revolutionary outbreaks among the Serbs, the object of attack being the Croatian officials, and the Serbs were stated to be almost all in the hands of the agitators. The conversion of Roman Catholic Serbs in South

<sup>1</sup> Cheradame, "L'Allemagne, la France, et la Question d'Autriche," pp. 106, 107; Coudenhove, "Politische Studie über Oesterreich-Ungarn," pp. 56, 57.

<sup>2</sup> Sydacoff, "Die Panalavistische Agitation," pp. 26-32, 70, 75, 78-81; Scotus Viator, "Future of Austria-Hungary," p. 17. Cf. Bismarck's words: "They say in St. Petersburg that Constantinople must be conquered through Berlin; others say that the road lies through Vienna, but that Vienna must be reached through Berlin" (Busch, vol. ii., p. 404).



Hungary to the Orthodox Greek faith, the "los von Rom" movement among the Slovenes, the demand for the Russian tongue, and the Cyrillic characters which sometimes occur, show the wide measure of success achieved by the agents of Pobiedonostseff and those who have been carrying on his policy since his death.<sup>1</sup>

Pan-Slavist associations and newspapers serve to spread the movement, but I agree with Palmer in thinking that it is far less completely organized than Pan-Germanism, and that it cannot rely upon much pecuniary assistance from Russia now.<sup>2</sup> A late phase of the Austrian Pan-Slavist movement is the visit of Dr. Kramarsch, the Czech leader, to Russia in May, 1908, and the subsequent congress at Prague in July.

On his visit to St. Petersburg, Dr. Kramarsch declared that the new movement is entirely distinct from the older Pan-Slavism, and bears a cultural and not a political character. No change of frontier was advocated, and it was stated that the Slav idea involves no danger to Austria. Slavonic culture is to be realized by a practical scheme which embraces the foundation of a Slavonic bank, the intermigration of peasants in Slavonic countries for the purposes of agricultural instruction, a Slavonic exhibition in Moscow in 1911, a Slavonic telegraphic news agency, and an agency for the publication of cheap and good Slavonic books. Further suggestions were the extension of Slav gymnastic or *Sokol* societies, especially in Russia, and the federation of all Slav associations for popular education.<sup>3</sup> These suggestions were further elaborated in the subsequent conference at Prague in July. Fifty-five delegates were present on July 13, representing, it was said, about 140 millions of people—fifteen Russians, twelve Poles from Russian Poland and Galicia, twelve Czechs, four Croats, four

<sup>1</sup> Sydacoff, pp. 99, 100, 104, 106-108, 110, 112.

<sup>2</sup> Sydacoff, pp. 100-108, 110, 112.

<sup>3</sup> *Morning Post*, May 28, 1908; *Times*, May 28, 1908; *Times*, May 30, 1908; *Times*, St. Petersburg, May 31, 1908; *Spectator*, June 6, 1908; *Morning Post*, June 6, 1908.

Slovenes, four Bulgarians, and four Serbs. A permanent bureau of delegates was elected. Dr. Kramarsch, who presided, spoke chiefly in Russian and Czech; but for each nation he had a message in their own tongue, and he referred to the Slavs who wished to have been present but were prevented, the Prussian Poles, the Hungarian Slovaks, and the Lusatian Serbs.<sup>1</sup> In his speech to the Slovenes he expressed the hope that they would be an impregnable obstacle to the advance of the Germans to the Adriatic Sea, and the Croats and Serbs were exhorted to be an *avant-garde* in the Balkans.

Two circumstances contributed to the success of the congress—the treatment of the Prussian Poles, which has roused the dormant sentiment of brotherhood through all the Slav countries; and the growth of democratic sentiment in Russia. If in the next three years, before the exhibition at Moscow,<sup>2</sup> the attempt to give an economic basis to this neo-Slav movement can be realized, the most practical step will have been taken since first Pan-Slavism was preached to carry out Pan-Slavist ideas.

A new and more ominous phase of the South Slav movement is that described by Nastitsch in his pamphlet “Finale,” published in the summer of 1908. In 1903 the club called the Slowenski Jug was formed, and has worked since that date with the object of organizing a South Slav united revolution. Not only is the movement widespread, but, according to this writer, people of prominence in the political world are connected with it. A South Slav Revolutionary Organization has been formed, whose object is the political, social, cultural, and national union of the Southern Slavs, on a free democratic basis, care being had to the equality of all, and the maintenance of the

<sup>1</sup> Among the mountains of Lusatia, in the south of the Saxon province of Bautzan, there live about 50,000 Wends, possessing characteristics and speaking a language of their own. They are the relics of a vast Slavonic horde which settled in the sixth century between the Spree and the Saale, and were known as the Sorabi, Sorbs, or Serbs.

<sup>2</sup> See *Morning Post*, June 6, 1908, and July 15, 1908.

liberties and prerogatives of the lands and races as far as is compatible with union. This union can only be attained, in the view of the revolutionaries, by means of an organized propaganda, carried on according to the various conditions whether of Magyarized Hungary or Austria-ruled Bosnia or free Serbia, but emanating from one centre. The *modus operandi* is personal agitation by the revolutionaries, the diffusion of pamphlets, and the education of the public mind through the medium of the press; finally, the collection of money and of ammunition, and the fabrication of bombs. The elaborate plans of the revolutionaries are not yet realized, but the work would appear to be going forward.<sup>1</sup>

I confess I was not particularly impressed with the reports about this writer which reached me when travelling in Bosnia in October, 1908, and I presume that the Government has more reliable information to produce for the trial of the prisoners at Agram.

At any rate, in its new form, as exhibited in Prague in 1908, Pan-Slavism will provide a bulwark against German expansion in the Near East, and Pan-Slavism is now, in fact, the "embodied hatred of Germany."<sup>2</sup> The congress of 1908, like the famous letter of General Rittich after the *Sokol* of 1901, is really inspired by a desire to resist the spread of Germanic power. Whether Russia has genuinely abandoned her traditional policy, or whether there has been, as announced in August,<sup>3</sup> a renewed effort at Pan-Slavist propaganda all over South-Eastern Europe, its success in Austria-Hungary seems to me to be problematical.

Undoubtedly there is a growing solidarity between the Slavs of the dual monarchy, and sooner or later all branches of the Slavonic race will attain a position of importance on the same level as that of the Poles or Czechs. But as long as the Poles remain hostile to Russia, as long as the Croats and Slovenes oppose the

<sup>1</sup> Nastitsch, "Finale," pp. 18-20, 55, 56, 61, 63-67, 78, 79.

<sup>2</sup> Pröll, "Auf Leben und Tod," p. 30.

<sup>3</sup> Cf. "Russian Affairs," p. 611; Palmer, pp. 203, 204; see *Times*, August, 1908.

Orthodox Church, as long as the Czechs cherish their national individuality and traditions, I hold with Coudenhove that Pan-Slavism will not present a serious danger to Austria, granting that liberty and justice are meted out to all the Slavs of the monarchy.<sup>1</sup>

As things are, only a small section of the Slavonic peoples would consent to place themselves under Russian rule, except as a last resort to escape German rule, or, as is the case with the Protestant Slovaks in North-East Hungary, as the last hope against Hungarian injustice. The wish of the Slavs to remain within the Austrian State is, as Cheradame says, "profound, fundamental, and permanent"; while for Russia, apart from the geographical difficulties which would appear in the case of annexation, the religious problem created by the absorption of the monarchy, with its 14,500,000 Slavs professing other faiths than that of the Orthodox Church, would be one of great difficulty. Federalism and not secession is the policy of the nationalities. On the other hand, there are those who see in the growing solidarity of the Slavs within the monarchy, and the reconciliation which grows nearer between Russia and Poland as the hope of an independent Poland grows fainter, a cause for alarm, especially since the development of the Duma attracts more and more sympathy to the Russian State.<sup>2</sup> Only one hand of Russia has been paralyzed, and that but for a time, in the Far East. She has another in Europe, and that hand, it seems to me, is more likely to menace Germany than Austria if the Polish persecution continues.

Austria, however, has her *solution préservatrice*, in face of this possible menace to her existence, by forestalling Russia through a lasting solution of the question of the nationalities. The real mission of the monarchy is to be a confederation of States united by the common

<sup>1</sup> See Coudenhove, pp. 56, 57.

<sup>2</sup> Palmer, pp. 200, 201; Cheradame, "L'Allemagne, la France, et la Question d'Autriche," pp. 107, 131, 138, 139, 225, 226, 229-232, 239; Leger, "Nouvelles Études Slaves" (1886), pp. 294, 295; *National Review*, April, 1907.

interest of protecting themselves against neighbours who could easily absorb any one of them separately, and thereby giving the fullest development to the Slav, South German, and Hungarian nationalities. This is the policy which does and has appealed most strongly to the Slavs of the Empire, to whom now, as formerly, Pan-Slavism remains a cultural aspiration.<sup>1</sup> What, then, is the actual state of affairs in the Austro-Hungarian Empire? The Galicians are content with their present position. The Czechs will not rest satisfied till the kingdom of St. Wenceslas is put on the footing promised in 1871; the Croats and Slovenes require a measure of autonomy; while the Slovaks and Ruthenians require to be freed—the former from Hungarian oppression, the latter from Polish domination, which has not been removed by the Franchise Act of 1906. As far as the Austrian half of the monarchy is concerned, there would probably not be any such great difficulty. It is different, however, in the Magyar kingdom, where the Slav question presents a problem which must be solved, because the future of Austria-Hungary lies in the formation of a great Southern Slav State, doing justice and giving liberty not only to all Slav, but also to all non-Slav, nationalities. The realization of such an ambition might bring with it not only the command of the Danube to its mouths, but also the inheritance of the empire of Byzantium.<sup>2</sup>

#### 4. MAGYAR QUESTIONS.

The relations between Austria and Hungary are settled upon the basis of that tissue of contradictions known as the Compromise, which was established in 1867, and based, as we have seen, not upon one law, but upon two divergent laws, harmonious neither in principle nor in detail.

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," pp. 20-22; see *Spectator*, June 6, 1908.

<sup>2</sup> It should be remembered that according to the census of 1900, including Bosnia and the Herzegovina (census 1895), there are, roughly speaking, in the dual monarchy, out of a population of 48½ millions, 24 million Slavs, 11½ million Germans, 8½ million Magyars, 3 million Roumans, and ½ million Italians.

The Hungarian Compromise law attached two conditions to common defence—the maintenance of the Hungarian constitution, and the establishment of a constitutional régime in Austria. The Austrian Compromise law contains no word relative to the way in which the duties of common defence are to be fulfilled. The fundamental idea underlying the whole of the Austrian law is that of a united Empire; the affairs of internal government appear only in the light of an exception to the prevailing idea. There is no reference to the contract as between two States, nor any statement of the fundamental principle of the agreement—namely, perfect parity. The Hungarian law became the most effective, and hence the Austrian law was never completely operative. Accordingly the history of Austro-Hungarian relations since 1867 is little more than a series of arrested crises, which culminated in the deadlock of 1897.<sup>1</sup>

After a decade of “insecurity and embitterment,” the much-admired work of Deak and Andrassy was given a fresh lease of life; but the *ex lex* years had shown that the relations between the two partners in the monarchy rested upon shifting sand, and that political obstruction could endanger the whole economic life of the Empire.

The new settlement of 1907 was greeted with lukewarm enthusiasm in both Parliaments, and the readjustments made were subjected to much criticism. The establishment of an arbitration tribunal for the settlement of disputes between Austria and Hungary was welcomed by moderate politicians as an important step towards the removal of international disputes from the political to the judicial sphere, but the 2 per cent. increase of the Hungarian quota created as lively a feeling of indignation in Hungary as of satisfaction in Austria.<sup>2</sup>

<sup>1</sup> Eisenmann, “Le Compromis,” p. 659; “The Hungarian Question,” pp. 22-29.

<sup>2</sup> Popovici, pp. 157-160; *Times*, January 2, 1908; *Morning Post*, October 17, 1907.

The old system has been patched up again, but both parties to the *Ausgleich* are seething with discontent. Magyars complain bitterly that their united and compact realm has been subordinated to what they contemptuously describe as "a dismembered semicircle, the torn half of a hat-brim." The German element in the monarchy is, they urge, diminishing, and in the army the proportion is still less favourable; yet German is made the supreme language in the army, and Vienna still strives to bolster up the hegemony of the German element.<sup>1</sup>

Not less pressing, in the Hungarian view, is the question of economic adjustment. According to that view, since the patent of 1850, which made the monarchy a single Customs territory, Hungarian economic interests have been subordinated to those of Austria, and the full force of the disadvantage has been felt since the reversion to Protection in external relations during the seventies. To this cause Hungarians trace the decay of their small industries, the ruin of middle-class landowners, the growth of an intellectual and industrial proletariat, the decrease in the consumption of the necessities of life, and the enormous annual emigration.)

A lesser evil, but nevertheless a source of considerable aggravation, is the question of common expenditure. It is felt that the money contributed by Hungary should be spent in Hungary, whereas it is largely spent in Austria; and the same is alleged not only of the Civil List, but also of the enormous private fortune of the Royal Family. There are, further, alleged grievances of favouritism said to be shown in appointments to the embassies and consulates, which serve to add to the general feeling of injury and indignation. The Austrians, on their side, state that the Magyars are the spoilt children of the monarchy, and that the creation of a particular position for them was the *mater discordiarum*. Dualism has encouraged the Magyars to make demands,

<sup>1</sup> "The Hungarian Question," pp. 45, 92.

and concessions have only increased their pretensions.<sup>1</sup> Recent instances of the constant friction between the two countries are legion: for instance, there was the incident of the increase of the pay of military officers, which led to a small triumph for Hungary in May, 1908; and there are trivial, almost childish cases, like that of the addresses of letters. The Hungarian postal authorities have been in the habit of solemnly returning letters addressed to the German names of Hungarian cities, as "Unknown"; while Vienna, not to be outdone, issued an order instructing municipal officers to return, unopened, letters from Hungarian authorities addressed to "Becs" instead of "Wien"!<sup>2</sup>

Further, notwithstanding the boasted national consolidation in Hungary, Austrians contend that the minor nationalities in Hungary, as in Austria, cannot be either assimilated or suppressed. There are responsible, if Chauvinist, Ministers in Hungary who have the fortitude to deny the existence of the nationality grievance, and to close their eyes to the hostile comment which forcible Magyarization, whether at Csernova, Antalfalva, or in the Hungarian Parliament, has attracted throughout Europe.<sup>3</sup>

In 1868 Eotvos and Deak recognized the importance of the internal racial problem, and tried to solve it by the very liberal nationalities law. Under the old régime political and social unity was a reality; there was no difference of rights founded on nationality. Ethnically the Hungarian race was far from pure. Slav, Italian, and German names abound among the Hungarian nobility, but the alien elements were proud to become Magyars, since noble and Magyar appeared to be almost identical terms. The State used the Latin language, society spoke German, Latin, Slav, and Magyar, but

<sup>1</sup> "The Hungarian Question," pp. 69-75, 77, 79; Popovici, pp. 7, 9, 17, 22, 119, 176, 253, 304.

<sup>2</sup> *Times*, Vienna, April 16, 1908; Vienna, April 21, 1908; Vienna, May 21, 1908; Vienna, September 1, 1907.

<sup>3</sup> Scotus Viator, "Future of Austria-Hungary," p. 50; Popovici, pp. 45-47; see *Times*, November 1, 1907, November 5, 1907.



both State and society were profoundly Magyar. With the revolution of 1848, which swept away the old order, the nationalities question appeared for the first time as a problem of the first magnitude.<sup>1</sup> It had indeed been raised as a minor issue in the eighteenth century, and the early nineteenth century was marked by the Slav literary revival; but Slovak societies in the gymnasiums and the University were frowned on, and between 1840 and 1848 Slav languages and literature were ejected by the Magyars from the two chief centres of Slovak intelligence—the gymnasiums of Leutschau and Pressburg.

By the date of the revolution the Slovak language, which had shown as much promise as the Magyar tongue sixty years before, was utterly outdistanced, nor had the Slovaks apparently resented the situation; the cultured classes had been assimilated, and the foremost writers adopted rival dialects. Finally the Magyar cause counted amongst its most redoubtable champions the Slovaks, Louis Kossuth, who “pushed Magyar pretensions to their furthest limits,” and Alexander Petöfi.

The revolution, however, served to awaken nationalist sentiments among the minor races of Hungary, and the Magyars found they had a new difficulty to cope with in the defection within the Hungarian ranks. Croats and Serbs were openly hostile, and the excesses of Serbs and Roumanians perpetrated on the Magyars meet with condemnation even from such a keen partisan as Scotus Viator. During this nationalist awakening the Slovaks also began to raise their heads. Stur and Hurban, leaders of the literary revival, agitated in favour of universal suffrage, a Slovak University, a Slovak national guard, and press freedom without a press law. Many of the demands were impracticable, such as that for a University, which would have been hard put to it to find a sufficiency of either students or

<sup>1</sup> Eisenmann, pp. 546-551; Popovici, pp. 50, 51; see Scotus Viator, “Racial Problems in Hungary,” pp. 48, 49.

professors. But the programme illustrates the Slovak pretensions ; the antagonism long dormant was aroused. Slovak defection and resistance to martial law in the troubled days of the revolution brought harsh treatment upon the offenders. This gave the Slovaks a ground of complaint, and strengthened the bitterness, which has never since been allayed.

In 1867, however, a nationalities congress was held in Buda-Pest to declare the needs of the different races, and a programme was formulated, according to which the State was to be reconstituted, on the basis of nationalities, in territories, equality of language being acknowledged. The Magyars resisted the suggested federation, being unwilling to infringe the unity of the State, though they were inspired at this date by a liberal desire to give equal rights to all citizens.<sup>1</sup> Hence the nationalities law was drawn up, with the object of maintaining unity without enforcing uniformity. In the opinion of Eotvos, complete Magyarization was an unrealizable folly ; his ambition, which was shared by Deak, was to make the various peoples, not Magyars, but loyal subjects of the Hungarian State.

The law of 1868 proclaims Magyar to be the language of the State in virtue of the political unity of the nation. In justice and administration the language of the people concerned was to be used as far as possible. The Churches were free, in general, to use the language they chose. The communes had the same privilege. In the public schools the Minister of Education was to direct the language of instruction. In primary schools the nationalities were to be taught in their mother-tongue, though Magyar was made the exclusive language of higher education. Finally, employments were to be open to all, irrespective of race. This very liberal statute was stigmatized by the nationalities as inadequate, but there was no opportunity for seeing whether it would solve the problem, as it remained a dead letter.<sup>2</sup>

<sup>1</sup> Popovici, pp. 50, 51 ; Scotus Viator, "Racial Problems in Hungary," pp. 93-97, 101, 102.

<sup>2</sup> Eisenmann, pp. 550-552 ; Popovici, pp. 43, 44.

[The conciliatory policy of Deak and Eotvos was soon abandoned, and in 1879 and 1883 statutes were passed limiting the privileges granted to the nationalities in the matter of instruction. For thirty years non-Magyars were virtually excluded from Parliament. Government members were almost invariably returned, even if bribery, and finally the brute force of the soldiery, had to be resorted to. The Magyars, in fact, have treated the non-Magyars as political helots, regarding their own interests as the common, and indeed the only, interests of the State. All public institutions are made instruments of Magyarization, whether posts, telegraphs, railways, or law courts; finally, the hoped-for Hungarian army is to complete the process.<sup>1</sup>]

The principle of Magyarization is expressed by Knatchbull Hugessen in these words: "There never has been any recognized citizenship in Hungary but Magyar citizenship. . . . From the time of St. Stephen to the present day there has been, and is, no territory in Hungary but the territory of the sacred Crown, and no political rights save those conferred by membership of that Crown." This, no doubt, is the excuse for the fact that the nationalities law is broken in almost every detail at the present time. Yet, in the words of a writer in the *Spectator* of January 16, 1909, "no State can prosper in the long run which refuses to placate a large part of its constituents." "The Magyars are not justified in their violation of Lord Acton's principle that "a State which cannot satisfy different races condemns itself, and if it labours to neutralize, absorb, or expel them, it destroys its own vitality."<sup>2</sup>

The abuses of justice, of which the Polonyi trial was a flagrant example, although plaintiff and defendant and all concerned were Magyars, are, as may be supposed, still more glaring when the defendants are non-

<sup>1</sup> Eisenmann, pp. 554-557, 759, 760; Brote, p. 123; Scotus Viator, "Future of Austria-Hungary," p. 50; *Morning Post*, June 12, 1908.

<sup>2</sup> *Spectator*, January 16, 1909; *Times*, Vienna, May 4, 1907; see also Scotus Viator, "Racial Problems," pp. 335-337.

Magyars, and accused of incitement against the Magyar State idea. According, indeed, to Father Hlinka, who was given a heavy sentence for this truthful statement, the non-Magyars "stand like dumb cattle before the Magyar courts, of whose proceedings they understand nothing."<sup>1</sup>

Among the most flagrant examples of forcible Magyarization is the Csernova affair (1907), which culminated in a riot, followed by a monster political trial. The dispute was between the Slovak people and the ecclesiastical authorities, who insisted upon consecrating a church built by the Slovaks when their priest, Father Hlinka, was in prison. An excited villager threw a stone at the Bishop and his escort of armed police. One gendarme was slightly injured, and the order was given to fire. Fifteen persons were killed, and about sixty wounded, more or less severely,

The affair aroused profound indignation in Austria. The Austrian Parliament could not constitutionally interfere, but the President expressed his deep personal sympathy with the victims. In the Hungarian Parliament the Slovak leader, Dr. Hodza, protested that the matter might have been peacefully terminated. Count Andrassy, however, declared that the act of the people of Csernova was rebellion against the State. Nevertheless a Hungarian journal advised "a return to the policy of Deak," who regarded the non-Magyar nationalities as weaker brethren.

In March, 1908, the trial was held, and severe sentences passed upon the rioters, including one of three years' imprisonment on Father Hlinka's sister, Mir Fulda, a girl of twenty years of age. The witnesses were browbeaten, contradicted, threatened, and even fined, by the presiding Judge. Another similar trial took place at Antalfálva in May, 1908, with regard to Slovak resistance to the illegal and forcible introduction of the Magyar language into the Lutheran town church. The people's resistance took the harmless form of singing

<sup>1</sup> *Times*, Vienn, May 5, 1907.

Luther's hymn, "Ein' feste Burg ist unser Gott," so that the clergyman had to discontinue the service. What wonder that Father Hlinka was received with enthusiasm at Prague in November, 1907, when he spoke of the struggle for freedom going on beneath the Tatra Hills, of the suspension of Slovak schools, and the destruction of Slovak literary institutions!<sup>1</sup>

Despite forty years of untrammelled Magyarization, 40 per cent. of the Hungarian population do not know the language of the State. The Magyars have been praised by the Pest and Viennese Jewish press for their able solution of the nationalities question. The Roumans have been stigmatized as Irredentists, and the Slovaks as Pan-Slavists and Omladinists; but the result of the policy has been acknowledged by Count Albert Apponyi, in his speech of January 3, 1905, to have been disappointing. The non-Magyars have not been "conquered to Magyarization." Further, Count Stephen Tisza, in his great speech on January 15, 1905, admitted that the school law of 1879, which made the instruction of Magyar obligatory, had remained "totally unsuccessful," and the phrase of Hugessen, "the persistence of minor nationalities," is ominous. In 1895, under the pressure of Magyarization, the nationalities held a congress, at which they drew up a fighting programme. Roumans, Serbs, and Slovaks, declared themselves in favour of dividing Hungary into territories mapped out on a language basis. Over this Tower of Babel they propose to place a federal Empire.<sup>2</sup>

The Crown, the official world at Vienna, the nobles, and the Church, are on the side of the Magyars; so, too, are the Magyarized Jews, who form the bourgeoisie; and it is to be recollected that the Magyar population hold a strong position geographically in their possession of the great rich central plain. The nationalities, on

<sup>1</sup> Scotus Viator, "Racial Problems in Hungary," pp. 339, 340; also *cf.* *Times*, November 1, 1907, November 5, 1907; *Spectator*, March 28, 1908, May 16, 1908, January 16, 1909.

<sup>2</sup> Popovici, pp. 42-48, 51-56; Scotus Viator, "Future of Austria-Hungary," p. 65; *Spectator*, January 16, 1909.

the other hand, although they possess doubtless much latent capacity—the Slovaks in particular being remarkable for their proficiency in arts and handicrafts<sup>1</sup>—yet as a rule are backward; geographically divided, poorer, less educated, and almost entirely deprived of leading men, they have only the power of numbers. Nevertheless they have received powerful assistance in the passing of the franchise law in Austria.

If, as one partisan writer maintains, universal suffrage in Hungary would only intensify the Hungarian character of the State, why was no Government Bill introduced till the autumn of 1908, in spite of Government promises, and why is there, at the commencement of 1909, little chance of any such reform becoming law? The Magyars dismiss foreign hostile opinion of this policy of Magyarization, condemned long ago by the greatest Hungarian statesmen, as the *ex-parte* statements of self-interested agitators and humanitarian philosophers, and they forget the danger of embittering not only the Roumanians and the Slav races of Hungary, but the Roumanians of Roumania and the Slavs of Austria, Russia, and the Balkan States,<sup>2</sup> while they also alienate the many warm well-wishers that Hungary possesses in English-speaking countries.

There is another nearer result of this policy—that is, to throw the non-Magyars of Hungary into the arms of the Greater Austria party, if not to drive the Magyars themselves into an alliance with the Pan-Germans, who desire to absorb Hungary; for, after all, the Magyars cannot resist both Vienna and the nationalities together.<sup>3</sup> Hungary is still, it is to be feared, unaware of her limitations. To the disinterested and sympathetic spectator it appears that the Magyars are committing an anachronism when they attempt to found a united

<sup>1</sup> See further Scotus Viator, "Racial Problems in Hungary," pp. 353, 355, 357, 361.

<sup>2</sup> Eisenmann, pp. 561-563, 566; "The Hungarian Question," pp. 82-84; *Spectator*, January 16, 1909; Brote, pp. 126-128; *Morning Post*, January 12, 1908.

<sup>3</sup> *Times*, June 6, 1908.

and living nation on the dead bodies of the diverse nationalities. Magyar sympathizers are unwilling that those who were once oppressed should have to confess themselves oppressors, unable to give to subordinate races the sympathy "which they once craved and obtained for themselves."<sup>1</sup> Auerbach asks the pertinent question whether the safety of Europe and the good progress of humanity would really be advanced if, in the "noble and high quarrel" being fought out beneath the Carpathians, the Magyars were the victors. The writer in the *Spectator* on January 16, 1909, entertains no doubt on the subject; peace, he considers, will not be preserved by the suppression of Slavonic sentiment, and in this connection it must not be forgotten that, if the old Pan-Slavism no longer exists, there is a "newer and looser form of Slavonic affinity" which is "fuller of possibilities."<sup>2</sup>

In 1848 the Croats, headed by their Ban Jelacic, led the way against the revolted Magyars, while the Roumanian districts of Transylvania supported the cause of Austria almost to a man. In 1867 Vienna made peace with the Magyars, the Hungarian constitution was restored, and Croatia was, as we have seen, left to the tender mercies of Buda-Pest. As a result, the Croats were granted a measure of autonomy under the Ban, the head of the Croatian Government. Nevertheless the Ban really holds office at the good pleasure of the Hungarian Government, and the Croatian elections are influenced so as to secure a majority subservient to the Ban. Neither freedom of opinion nor freedom of the press really exists. In short, since 1868 Croatia has been a Hungarian province governed from Buda-Pest, and to a great extent exploited by the Hungarian Exchequer.<sup>3</sup>

<sup>1</sup> *Spectator*, January 16, 1909.

<sup>2</sup> Auerbach, "Les Races et les Nationalités en Autriche-Hongrie," p. 333; *Spectator*, January 16, 1909.

<sup>3</sup> "Königreiche Kroatien und Slavonien," pp. 234, 235; Scotus Viator, "Future of Austria-Hungary," pp. 43, 64; *Morning Post*, April 22, 1907; *Spectator*, March 14, 1908.

The system under which Croatia was so long kept in submission, though her relations with Hungary have frequently been seriously strained, has become identified with the name of Count Khuen Hedervary, who became Ban in the early eighties, and retained that position for twenty years. His system was, in the words of an article in the *Morning Post*,<sup>1</sup> one of "corruption and oppression," though, according to the same writer, "it was neither so corrupt nor so oppressive as it would have been under a less able man." Hedervary became Premier of Hungary in 1903, and for two years Count Pejacsevich became Governor.

At the moment when the Hungarian coalition was hard pressed in its struggle with the Crown, a journalist, M. Supido, organized a Dalmato-Croatian conference at Fiume, which passed in October, 1905, what has since been known as "the Fiume resolution."

This resolution assured the Magyars of the hearty sympathy and moral support of the Croatians, who were also struggling for the recognition of their own constitutional and historic rights—that is to say, the incorporation of Dalmatia with Croatia-Slavonia, and the extension of Croatian autonomy. It was understood that M. Kossuth and M. Polonyi had agreed on the part of the coalition that, if it came into office, it would show its gratitude by changing the spirit of the Government at Agram. The coalition did come into office, and under its auspices the resolutionists obtained a majority in the Croatian Diet.

Although M. Starceвич's party did much to embarrass the resolutionist leaders by posing as still warmer patriots, and proclaiming their aspiration after a Greater Croatia, to include Bosnia-Herzegovina as well as Dalmatia, still the old hatred of the Magyars might have been kept in check by the resolutionists, had not the Hungarian coalition deliberately picked a quarrel with their new allies by the Railway Officials Bill. This Bill proposed to legalize Magyar as the

<sup>1</sup> *Morning Post*, April 22, 1907.



language of the State railways, in direct contradiction to the Hungaro-Croatian *Ausgleich* of 1868 (Sections 9 and 57). In practice, Magyar has always been the language of the State railway system, yet the attempt to fix this by law has aroused the Croats from their tacit recognition of the fact, and induced them to insist upon a strict fulfilment of the *Ausgleich*. Dr. Wekerle, however, was determined to persist, and by the manoeuvre of introducing a Bill which in a single clause authorizes the Minister of Commerce to enforce the disputed articles pending their acceptance by Parliament, the Magyars have gained their point, in spite of Croatian obstruction.

By many persons, including Count Khuen Hedervary himself, Dr. Wekerle's policy is considered ill-advised, since the victory involves the final ruin of the Magyarophile party in Croatia. Parliamentary government in Croatia is impossible unless Hungary yields. Baron Rauch, the new Ban, despite the attendance of whole regiments of soldiers at the elections, only secured the return of one unionist. All three heads of his Government were defeated, and he found himself powerless to quell the conflict raging in Croatia in April, 1908, in spite of the prorogation of the Diet and the support of the Hungarian Government. Complications in Serbia, Dalmatia, or Bosnia-Herzegovina, were, it seemed, alone wanting to set fire to the South Slav powder-magazine.<sup>1</sup>

As the year wore on matters did not improve. In the course of the summer a large number of Croats were arrested at Agram, and imprisoned on charges of participation in the Great Serbia movement—in other words, of high-treason. Their trial did not come on till January, 1909, and on January 27 Dr. Wekerle, in answer to an interpellation in the Hungarian Chamber, stated: "As everyone knows, we were compelled to carry out the annexation, because we wanted to introduce a constitutional régime in Bosnia, and before this

<sup>1</sup> *Morning Post*, April 22, 1907; *Spectator*, March 14, 1908; *Times*, December 4, 1907.

could be done we had to create a definite basis. The Great Serbia movement, which for a long time past had been attracting attention in those territories, hastened the annexation. We were faced by such threatening symptoms that we were forced to act as quickly as possible, and had to proclaim the annexation sooner than had been intended." The Great Serbia agitators had spread the conviction among the country-people that Bosnia, Herzegovina, and Croatia, rightly belonged to Serbia, and that they would very soon be united to that country. The children were taught in the schools that the King of Serbia was their rightful ruler, and thousands of copies of his portrait were distributed amongst the ignorant peasants.<sup>1</sup>

In 1867 the Roumans found themselves in the same state of abandonment as the Croatians, and the former favourites of Vienna fell under the rigid Magyarization of independent Hungary. In 1867 the Klausenburg Diet was dissolved; the laws passed at the Hermannstadt Diet in 1868-64, which had been ratified by the Emperor, were repealed; and a Royal Commission was appointed, with discretionary powers, for Siebenburgen, which had always enjoyed a certain amount of independence, retaining its constitution when it came under Austrian overlordship in 1691. The abolition of the Siebenburgen equal rights and language laws, which involved the recognition of the "century-old and well-founded claims of the people," was warmly resented by the Roumanians. The Commission replaced Roumanian officials by Magyar, and this policy of keeping Roumanians out of important administrative and judicial positions has been steadily pursued ever since. In fact, the Roumans, who form one half of the population of Transylvania, and (in 1890) 17·18 per cent. of the total population of Hungary without Croatia, have been the prime objects of the policy of Magyarization since the settlement.

Before 1848 the Roumanians, except in the case of

<sup>1</sup> See *Times*, January, 1909.

certain isolated individuals, had possessed no political rights, and had been greatly despised by the Magyars, who repudiated their claim to an illustrious descent from the Roman legionaries settled in Dacia in the second and third centuries of the Christian era. A further cause of difference between the two races was the adherence of the Roumans to the Greek faith. The horrors of the Roumanian rising in 1848, which compare with those of the Indian Mutiny, were not likely to soften Magyar feeling towards the "savage horde," while the favouritism they enjoyed during the despotic era was a further title to aversion. The Roumanians are not only numerous—2,790,000, according to the Hungarian census of 1900—but they are geographically united, forming, like the Magyars, an island in the vast Slav sea. A compact mass in the Carpathian chain and its valleys, they derive encouragement from the existence of the conterminous strong and independent kingdom of Roumania, which has made striking economic progress under the present Hohenzollern monarch, and gave such brilliant proof of military efficiency at Plevna.<sup>1</sup>

In addition to their solidarity, the Roumans are better organized and better led than the other nationalities in Hungary. Indeed, according to the "Pester Lloyd," the whole nationalities movement in Hungary is attributable to the Roumanians, the Slovaks and Serbs being in this view "mere molluscs."

A definite step towards Magyarizing the Roumans was taken by the electoral law of 1874, which broadens the preceding legislation on the subject, and is divided into two parts—the one applicable to Hungary, and the other to Siebenburgen. The franchise in the Magyar counties of Siebenburgen is on a lower basis than in the Roumanian counties, while the electoral districts are arranged so as to favour the Magyars. Thus, of

<sup>1</sup> Palmer, pp. 83, 84, 86; Scotus Viator, "Future of Austria-Hungary," pp. 43, 46, 47, 50; Bertha, "La Hongrie Moderne," pp. 442, 443; Popovici, pp. 68, 69, 145; Brote, pp. 53, 60, 61.

the seventy-three Siebenburgen delegates, only fifty are elected by the eleven non-Magyar counties, while twenty-three are elected by the four Magyar counties. The Rouman delegates replied to the law of 1874 by the passive abstinence policy, leaving only the Hungaro-Roumanian delegates to support the unequal struggle against Magyar Chauvinism. Later, by the education laws of 1879, 1883, and 1891, the instruction of Magyar was made obligatory, and many non-Magyar teachers were discharged for insufficient knowledge of Magyar.<sup>1</sup>

Although resistance had been going on for years in the shape of anti-Magyar propaganda, the Roumanians first drew up a definite fighting programme at the Roumanian general meeting held at Hermannstadt in 1879. This programme demanded equal rights for the Roumanians as regards language and culture, a revision of the nationalities law, the appointment of Roumanian officials in Roumanian districts, the maintenance of the autonomy of the Church and confessional schools as affairs of a purely national character, and the support of Roumanian schools and other institutions according to the *Gut und Blut* contributed by the Roumans to the State; lastly, a free electoral law.

In spite of these demands, the Magyars persevered in methods preventing Roumanians from entering Parliament as before, and in systematically persecuting the Roumanian press. From 1844 to 1894 no less than forty-four trials of Roumanians for press offences took place in Hungary, in which eighty persons were condemned to terms of imprisonment amounting in all to fifty-four years, and to fines whose total amount exceeded £1,000.<sup>2</sup> Since 1894 these trials have continued, and in January, 1907, the "Pester Lloyd" announced that nine press actions were pending against five Roumanian papers in South Hungary.

<sup>1</sup> Popovici, pp. 52-54; Brote, pp. 59, 71-75, 80, 81; see also Scotus Viator, "Racial Problems in Hungary," pp. 216, 217 (for law of 1879).

<sup>2</sup> Brote, pp. 90, 94-96, 99, 104, 105; Scotus Viator, "Future of Austria-Hungary," p. 47.

In the appendix to his work entitled "Racial Problems in Hungary," Scotus Viator gives a detailed account of the Roumanian political trials of the last decades. In 1907 and 1908 the offences were either "electoral agitation" or newspaper articles of an anti-Magyar nature; the punishments varied from fines to imprisonment in the State and in the common prison, and frequently included both.<sup>1</sup>

In 1890 a conference was held which drew up a memorandum relative to the oppression and electoral injustice shown to the Roumanians. In 1892 another great Roumanian meeting was held, and a deputation of 300 Roumanians carried a petition to the King at Vienna. The deputation was not received by Francis Joseph, as the Hungarian Prime Minister objected that it was incorrect in form, and should have been addressed "in the name of the Hungarian inhabitants of Roumanian tongue." Its delivery was delayed, and six months later it formed the subject of a monster political trial. In 1894 the committee of the Roumanian political party was suppressed, and the members who had signed the petition and led the deputation were imprisoned.

In 1905 there was a Roumanian conference at Hermannstadt, which demanded the recognition of the Roumanian people as a political nation; and in 1907 the Roumanian deputies resorted to obstructive tactics in the Hungarian Parliament, in view of the two Education Bills of Count Albert Apponyi, which openly violate the principle of the nationalities law of 1868, and which are calculated to make the emoluments of

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," p. 47; for further details see "Racial Problems in Hungary," pp. 441-447; see also tables on pp. 452, 453. A noteworthy case is that of General Doda, who on September 17, 1888, was sentenced in absence to two years' imprisonment and a fine of 2,000 crowns for an electoral address made eleven months before. In his speech the General said that the Roumanian people had been "ejected by violence and intrigue from all its positions in the constitutional struggle," and that it was "no longer a question of a seat and a vote in the Hungarian Parliament," but that the "national honour of the Roumanian people" was at stake. Owing to a paralytic stroke, General Doda was afterwards pardoned ("Racial Problems," p. 442).

the teachers depend to a great extent on their zeal in extending the knowledge of the Magyar language, and in developing among non-Magyar children sentiments of devotion towards the Magyar State.

The Roumans have not adopted the separation of Siebenburgen from Hungary as part of their political programme, and Bucharest on its side has, according to King Charles, no desire to realize the Daco-Roman ideal, which aims at annexing Transylvania, the Bukowina, and Bessarabia, to the present kingdom of Roumania. Roumans in Siebenburgen and in Roumania merely desire to see freedom and equality in Hungary. Mr. Sturdza, the Liberal Premier, speaking in the Roumanian Senate in 1893, said: "No one thinks in our kingdom of conquering Transylvania, because we do not possess the strength for such an undertaking; because such an undertaking, even if it were possible, would of necessity involve the disruption of Austria-Hungary; and because that disruption would be fatal to the Roumanians themselves, and would cause a general disturbance in Europe.<sup>1</sup> The existence of the Austro-Hungarian monarchy is a European necessity of the first order, just as the existence of a Roumanian State is also. . . . That is the political basis of the conditions in Eastern Europe, and hence all Irredentist tendencies are nothing but absurd and morbid fancies or criminal designs. Hence, fortunately, such tendencies cannot gain ground, and have no political significance whatever." Nevertheless, nothing could be better calculated to foster Irredentist feeling than the present Magyar policy of forcible assimilation, which is viewed with alarm by the kingdom of Roumania, and creates a permanent state of friction between Buda-Pest and Bucharest.<sup>2</sup>

Optimistic writers, such as Hunfalvy and Bertha, claim that the Roumanian peasant is free, and the

<sup>1</sup> Popovici, pp. 56, 60, 61, 64; *Times*, Vienna, March 11, 1907; Brote, pp. 95, 96, 104, 105, 118.

<sup>2</sup> Scotus Viator, "Future of Austria-Hungary," pp. 47-50.

Roumanians by no means an injured people. In proof of this statement, the appeals of the Roumans to Francis Joseph are cited as indicating an independent spirit, as well as material and cultural progress. Bertha admits that the Roumanians labour under an electoral disadvantage, but this, he maintains, is not serious. The Roumanians, however, have been successful in gaining the ear of the foreign press. To-day, German, Belgian, French, and English journals are on their side; while Brote and other writers hold that the Magyars' "mad policy of assimilation" threatens not only internal peace, but also the foreign relations of the monarchy with Roumania, and consequently the peace of Europe.<sup>1</sup>

The Magyar ambition is to stand "at the head of a confederacy of independent nations, beneath the sceptre of the Hapsburgs, and to give, by its own solid character and preponderance, strength and individuality to that confederation in the eyes of the German and Russian Empires. For this proud mission of organizing a great Power in the Danube Valley, Hungary is fitted both by her central situation and by her history."<sup>2</sup> At present, however, her first task must be to grant a larger measure of liberty and justice to the minor nationalities within her gates; otherwise it is not likely that their kinsmen in neighbouring kingdoms will have anything to do with the confederacy she hopes to head. On the other hand, it is only fair to the Magyars to point out in conclusion, that, so far as the position of the Roumans in Hungary is concerned, it compares favourably with that of the Jews in Roumania, which is still a scandalous and flagrant contradiction of obligations undertaken by the Roumanian State at the Congress of Berlin. Moreover, if one looks back at 1848 and southward to Macedonia, and notes how the Christian races of South-Eastern Europe love one another, one appreciates the chaos from which a strong hand has saved Transylvania,

<sup>1</sup> *Times*, Vienna, March 11, 1907; Bertha, pp. 479-481; Brote, pp. 126-128; Scotus Viator, "Future of Austria-Hungary," p. 50.

<sup>2</sup> See "The Hungarian Question," p. 94.

and also the fact that the feelings of the Magyars towards the Rouman outbreak of that period are those which might be entertained by Anglo-Indians who lost relatives at Cawnpore.

#### 5. ITALIAN QUESTIONS.

Like most other racial problems in Austria-Hungary, the Italian question is not only a matter of internal policy, but also of foreign relations. Unlike the Roumanian question, the Italian problem is of comparatively slight importance in internal politics; but the large external interests affected, whether commercial or political, render it a matter of most serious moment, and hence movements in Trieste and the Trentino require a very great amount of care and attention from the Central Government.

In 1797, on the fall of the republic of Venice, Austria became supreme on the Adriatic, a position which she retained till the middle of the nineteenth century, except during the short period of the Illyrian kingdom formed by the first Napoleon. From 1797 to 1866 Italy had remained a negligible quantity on the Adriatic, but in the latter year two Powers of the first rank in Europe faced each other across the narrow seas. At the Congress of Berlin in 1878, Italy failed, owing to the incapacity of her statesmen, to secure any advantages, such as the occupation of Albania. This failure emphasized her isolation, and prepared public opinion for the Triple Alliance in 1883. No party to that compact was eager for it, but it was felt to be the best guarantee for peace.

At the date of the conclusion of the Triple Alliance the Irredentist movement reached its high-water mark. In fact, Andrassy, it is said, warned Prince Bismarck that Austria, being more and more threatened by the Irredentist movement, might have to take up arms; and Bismarck replied: "Italy does not belong to our friends."<sup>1</sup> Nevertheless, in spite of national discord and

<sup>1</sup> Bismarck detested and despised Italy. In March, 1880, in conversation, he spoke of the Italians as "like carrion crows on the battlefield that let



commercial differences, the treaty was destined to endure, and has been the foundation on which the policy of Austria has depended since that date.<sup>1</sup>

The main issue pending between Austria-Hungary and Italy for the last half-century has been the domination of the Adriatic and of the province of Albania. According to Loiseau, Austria-Hungary has shown untiring energy in extending her sphere of influence in the Balkans, while the convention of 1897 between Russia and the dual monarchy virtually placed Albania within the territorial sphere of Austro-Hungarian influence. In Albania, Austria-Hungary maintains an army of consular agents, who attempt to win over the population by entertainments and bribes in the shape of doles of corn, in exchange for the prayers of the Albanian highlanders for the soul of the late Empress; while the Roman Catholic Church and schools are made instruments for furthering Austro-Hungarian interests. The same end is served by the Austrian Lloyd Steamship Company, which carries on the postal service and keeps jealous guard against Italian encroachments.<sup>2</sup>

On the other hand, Chlumecky protests that Austria-Hungary has thrown away her opportunities in Albania, and has taken the lead in the work of Italianization. The protection of Roman Catholic interests has been secured to her since 1615, and yet in her missionary work she has used Italian instead of Austrian priests, who, though loyal to the dynasty, prepared the way for Italian commercial enterprise by the diffusion of a knowledge of the Italian language. Italy has not been slow to profit by the action of the "naïve monarchie."

others provide their food." He referred to the internal condition of Italy as the real *Italia Irredenta*, and prophesied the re-establishment of the Papal States and the Kingdom of Naples (Busch, vol. ii., p. 419). In his "Reminiscences" he speaks of the impotence of Italy ("Reflections and Reminiscences," vol. ii., p. 260).

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," p. 28; Chlumecky, pp. 6-8, 14; "Encyclopædia Britannica," new volumes, vol. xxvi., p. 12.

<sup>2</sup> Loiseau, "L'Équilibre Adriatique," pp. 119-123, 133-135, 139.

In recent years she has undoubtedly neglected no opportunity of furthering her interests. The present King, Victor Emmanuel III., who married Princess Helena of Montenegro, has kept the Albanian question well before the Italian public. Many "royal schools" have been, and are being, built in Albania, special attention being paid to Scutari as an important centre. San Giuliano gives a proof of the Italianization going on in these schools in his description of a visit paid to one in 1902, when he saw "all these foreign children rise and sing 'Viva l' Italia e viva il re.'"<sup>1</sup>

Not an insignificant feature of this form of propaganda is the great yearly outlay by the Italian Treasury on these schools: those of Scutari alone cost 60,000 lire. This expenditure is the more remarkable when it is considered how many of the schools in Southern Italy are old-fashioned, crowded, and insanitary. Further, Italian commercial agencies have been multiplied in Albania, and the shipping traffic of the Puglia Company has been increased. At Durazzo in 1901 there entered 175 Lloyd ships and 59 Puglia vessels; in 1904 the figures were: 209 Lloyd, 108 Puglia. At Vallona in 1901, 151 Lloyd, 51 Puglia; in 1904, 224 Lloyd, 151 Puglia. At Prevesa the figures for 1901 are, 104 Lloyd, 50 Puglia; for 1904, 101 Lloyd, 103 Puglia.<sup>2</sup>

In 1900 the Italian Government set up a commercial agency at Janina, and the Italian export rose from the value of 438,450 lire in that year to 1,709,800 lire in 1904. Meanwhile Austro-Hungarian exports sank from 2,035,475 lire in 1900 to 1,723,510 lire in 1904. In other words, Italian export increased 400 per cent., and Austro-Hungarian export fell 15 per cent. The dual monarchy has failed to secure the flour trade to Albania, while her trade with Scutari has fallen as rapidly as Italian trade has advanced. The result of Italian policy is that Austria-Hungary is fast losing the dominant commercial position she enjoyed in the middle nineties.

<sup>1</sup> Chlumecky, pp. 160-166.

<sup>2</sup> Chlumecky, pp. 167-170; Loiseau, pp. 142, 143, 150, 151, 190-193.

In 1904 Austria-Hungary committed an act of unprecedented generosity in forgoing the rights secured to her by Article 29 of the Berlin Treaty, and allowing Italy to continue her Montenegrin railway scheme.<sup>1</sup>

Both parties have large interests to protect in the Adriatic and in Albania. Consequently, feeling runs high on both sides. On the one hand, the Italians feel they are being cramped in their natural expansion by the action of Austria. This feeling was expressed by an Italian diplomatist in 1900 in the words, "*Vous voulez donc réduire notre péninsule à l'état de parapluie qui ne peut plus s'ouvrir nulle part,*" and the press and politicians further inflame the public mind. Towards the end of the nineties the Italian newspapers blamed the Triple Alliance as responsible for Italy's inability to realize her "legitimate ambitions" in Albania. In 1899 Signor de Martino expressed grave doubts in Parliament as to the value of the Triple Alliance, and from that date Albanophiles grew in number both in and out of Parliament; while relations were so strained in 1903 that the King of Italy, in his toast to the German Emperor, omitted all reference to the third member of the Triple Alliance. In 1908 however, it was the Italian King's telegram to the Emperor of Austria which changed the visit of the Kaiser and German Princes to Vienna from a Pan-German demonstration into a festival of the Triple Alliance.

If, however, the issues involved in the future of the Eastern Adriatic littoral are of profound importance to Italy, the question for Austria is one of her very existence; and the day that Italy gains the hegemony of Albania the assertion "*L'Adriatico e mare italiano*" will be a fact. Latterly, however, the tension has decreased, and a better understanding has been reached. As long ago as 1897, on the occasion of Count Goluchowski's visit to King Humbert at Monza, both

<sup>1</sup> Chlumecky, pp. 160, 161, 180-182, 184, 186, 190; see Loiseau, pp. 139-142.

Austrian and Italian statesmen disavowed any designs upon Albania, but the declarations exchanged at Monza were not recorded in a convention, owing to Austria's unwillingness.

Between 1903 and 1908 the relations of Italy with Austria-Hungary did not become more cordial, though outwardly the Triple Alliance appeared to be still a firm bond of union. Tiresome questions like that of the Italian University at Trieste cropped up, and were not treated with firmness or decision in Austria; yet at the same time the Austrian navy was growing in strength, and would now, in the opinion of competent judges, be a match for the Italian navy; and when the present programme of the dual monarchy is completed she will be superior to Italy, and a match for France in the Mediterranean! Whether Italy will awake in time, and take the measures necessary to place her armed forces on a proper footing, is one of the interesting problems of the near future.

In 1907 the Desio and Semmering meetings expressed and confirmed cordial sentiments of friendship between Austria-Hungary and Italy, and Baron Aehrenthal and Signor Tittoni then issued a self-denying ordinance. "We have declared," stated the former, "that we do not desire to step beyond the sphere prescribed by the Treaty of Berlin in any direction whatever, and therefore not in Albania either, and that we expect the same moderation from Italy." At the same time Signor Tittoni declared that, "if the maintenance of the *status quo* were no longer possible, Italy and Austria-Hungary would proceed jointly to a solution which should consist in the political autonomy of the Balkan Peninsula on the basis of nationality. . . . I therefore reject the advice to consent to a partition with Austria-Hungary."

The self-denying ordinance is a recognition of the balance of power on the Adriatic. Vallona in the hands of Italy "would have provided her with a cork for the Adriatic bottle; while Vallona as an Austrian

naval port would dominate the coast of Italy. Its neutrality is therefore an important factor in the interests of peace.) For the time being then, at all events, the Italian question in external politics has reached a peaceful phase, but continued effort is required to maintain the friendly atmosphere created at Desio." Petty encounters occurred in the winter of 1907-08 between Pan-Germans and Irredentists on the Tirolese frontiers, followed by riots between German and Italian students in Vienna. Further, the organ of the Italian Navy League is called *Mare Nostro*, the common expression for the Adriatic. In January, 1908, a reference at Rome to the "bitter Adriatic" led Dr. Baernreither to express the view that the only way to attain perennial peace with Italy was to develop the Austrian navy;<sup>1</sup> and the *Times*, in reporting the speech, observed: "Dr. Baernreither might have added, without ceasing to interpret Austrian feeling, an expression of the hope that the peoples and Governments of Austria-Hungary and Italy may be so guided by insight and prudence as to prevent the Adriatic becoming, by reason of their discord, the naval and maritime preserve of a Power stronger than either."<sup>2</sup>

The Italian question within the monarchy, that "Italian counterpart of Pan-Germanism and other racial extravagances," called the Irredentist Movement, has been dismissed as "a sentimental comedy<sup>3</sup>;" but, if not a question of the first importance, it is a factor to be reckoned with in the future of the dual monarchy.

At the height of their pretensions the Irredentists claimed Southern Tirol, Trieste, and the entire Istrian and Dalmatian coasts, as belonging of right to the unified Italian kingdom; but in view of the gradual ebb of the Italian population from the Eastern Adriatic coast, even the wildest Irredentists have come to curb

<sup>1</sup> Chlumecky, pp. 11, 14, 21-24, 56-61; *Times*, Vienna, July 15, 1907; Vienna, January 2, 1908; Scotus Viator, "Future of Austria-Hungary," pp. 26, 28, 30; *Times*, Vienna, January 19, 1908.

<sup>2</sup> *Times*, Vienna, January 19, 1908.

<sup>3</sup> *Times*, Vienna, July 15, 1907.

their ambitions, recognizing the hopelessness of reclaiming provinces where the Italian element is in a minority of one in seven. At present Irredentists limit their hopes to the Trentino, to Trieste and its littoral. There are 700,000 Italians in all in Austria-Hungary. Trieste has always been devoted to the cause of the Irredentist Italians. Sentiment, however, rather than interest, dictates the attitude of the population, which is also of an extremely mixed character. There are considerable elements of Serbs, Albanians, Greeks, Roumanians, Bulgarians, Montenegrins, and Turks, as well as Germans and the predominant Italians.<sup>1</sup>

An illustration of the feeling in Trieste was given in April, 1903. The German students at Innsbruck interrupted the lectures of the Italian professors by singing the "Wacht am Rhein." A counter-demonstration was made at Trieste, when, during the performance of "Ernani," the whole audience night after night rose *en masse* and sang over and over again, "Siam tutti una sola famiglia." A much more famous instance of Trieste's Irredentist feeling is the demonstration at the time of King Humbert's death, when the municipality sent a wreath bearing the inscription "Trieste—al suo re," and a telegram was despatched to the Italian Government, in which Dalmatia was described as "lembo di terra Italiana."<sup>2</sup>

But if, as Loiseau maintains, Trieste to-day is Italian in appearance and at heart, and if geographically she belongs to the district between the sea and the Julian Alps, the fact remains that the Austrian Government has sought, not unsuccessfully, to neutralize the racial elements of Trieste and its hinterland, by dividing the littoral into three provinces—Trieste City and environment, Istria with 190,000 Croats and Slovenes and only 120,000 Italians, and Western or Italian Istria, as it has been called, with which is counted Liburnia and

<sup>1</sup> Scotus Viator, "Future of Austria-Hungary," pp. 31, 32; Chlumecky, p. 25; Palmer, p. 117.

<sup>2</sup> Scotus Viator, "Future of Austria-Hungary," p. 33; Palmer, p. 117.

the islands of the Quarnero. The majority in Goritz and Istria being Slav, Trieste is separated from the hinterland. But motives of self-preservation will prevent Trieste from putting Irredentist ideas into practice, for union with Italy would mean abdication in favour of Venice, whose position has been strengthened by the opening of the Simplon Tunnel. Indeed, according to Chlumecky, the cold reason of economics would long ago have chilled nationalist enthusiasm, if it had not been kept alive by Italian intrigue, and above all by the press. Thus the municipio of Trieste may continue to demonstrate in favour of Italy, but it will never forget that the town has acquired its prosperity largely through being an outlet for the Austrian hinterland.<sup>1</sup>

The Irredentist claim to the Trentino rests on a much firmer basis. It is incontestably Italian land, and its acquisition would complete the Italian defensive position. It is not of paramount importance to Austria, and the Italian population forms a compact mass of 370,000. Moreover, the Italians have been upheld in the Tirol, not only to counter-balance other ethnographical elements, but also in earlier days as *l'arme de combat* of the Catholic ideal. Throughout the nineteenth century the separatist idea grew in the Tirol, and in 1848 the Italians of the Trentino demanded administrative separation, and their deputies, in reply to the refusal of the demand, ceased to attend the Diet, as a protest.<sup>2</sup>

Both in Vienna and in Rome great imprudence has been shown in the past in stirring up hostile feeling in the Tirol. The press, and politicians like Prinetti and Zanardelli, have been alike to blame for the encouragement they have given to Irredentism, and the unrest consequently created in the Tirol. Since 1904, however, the Viennese Government have made efforts to conciliate the Italians, and in 1907 the recognition of the diplomas of Italian Universities was discussed; if

<sup>1</sup> Loiseau, pp. 45, 46, 48-51; Chlumecky, p. 28; Scotus Viator, "Future of Austria-Hungary," p. 33.

<sup>2</sup> Loiseau, p. 33; Scotus Viator, "Future of Austria-Hungary," p. 33; Chlumecky, p. 32; Auerbach, pp. 97-100.

this step is taken it will remove a great grievance, even though the desired University of Trieste is not established. In Italy, also, the wisdom of the counsels of Crispi and Baron Sonnino have, apparently, begun to be recognized by public opinion. The true policy of Italy requires an understanding with Austria, and although Italy may have some claims to the Trentino territory, yet what Baron Sonnino wrote in 1882 is true to-day: "Our interests in the Trentino are too insignificant in comparison with those which a sincere friendship with Austria represents to us." In the words of another Italian politician, it is only unity with Austria that can guarantee Italy "against all the surprises of Europe."<sup>1</sup>

The realization of Irredentist schemes would mean a war for which neither Italy nor Austria-Hungary is prepared. Both are now successfully emerging from a financial position bordering upon bankruptcy, and both require all their strength to develop their nascent industries, though of the two, in my judgment, Austria-Hungary is in an infinitely stronger position.<sup>2</sup>

According to Loiseau, Irredentism in its present form is without offensive meaning. On the littoral it is the protest of "Italianité" against Slavism; in the Trentino it is the protest of "Italianité" against Germanism, and nothing more.<sup>3</sup>

The annexation of Bosnia and the Herzegovina in the autumn of 1908 evoked an outburst of anti-Austrian feeling in Italy, the force of which Signor Tittoni had evidently not anticipated when he announced a complete understanding with Baron Aehrenthal after his meeting with that statesman at Salzburg in the summer, and when, in his speech at Carate in October, he minimized the effect of the lawless action of the Austrian Government. The debate in the Italian Chamber in December, to which reference is made in

<sup>1</sup> Loiseau, "*L'Équilibre Adriatique*," pp. 33, 35; Chlumecky, p. 31; Scotus Viator, "*Future of Austria Hungary*," p. 34.

<sup>2</sup> Scotus Viator, "*Future of Austria-Hungary*," p. 35.

<sup>3</sup> Loiseau, pp. 39-43, 45, 46.



the final chapter, calmed public opinion for a time, but it blazed up again in January, 1909, when it appeared that the Austrian Government was not prepared to found the promised Italian University at Trieste, but only an Italian juridical faculty in the University at Vienna.<sup>1</sup>

## 6. THE JEWS AND THE ANTI-SEMITIC MOVEMENT.

The Jews themselves consider the anti-Semitic movement to be a mere atavistic survival of the Jew hatred of the Middle Ages. Coudenhove contends that, in spite of all allegations to the contrary, it is a religious question—"Das ist banal aber leider sonnenklar"—and therefore he concludes the malady is incurable. Charmatz holds that the modern anti-Semitism is to a great extent the product of the capitalist economic system. Behind it is hidden the helplessness of the middle classes in the face of oncoming industrialism. The hatred of the believer is as nothing to the pressure of want.

In addition to religious and economic causes, there is the traditional social aversion, which has continued to exist, although the quarantine of the Ghetto has long since ended and political emancipation has been realized. The extreme anti-Semites declare that the struggle is a racial one—an incident in the eternal contest between Europe and Asia. Nevertheless, European morals have been Semitized by Christianity, and the Jews have been Europeans for over a thousand years.

In Continental Europe the Jews have gradually acquired certain distinguishing characteristics, but this is greatly due to the treatment meted out to them for centuries, and their seclusion in their Ghettos, where the pastoral Semite was steadily trained to become an urban European, with all the parasitic activities of urban economics. His wits were preternaturally sharpened by the stress of his struggle for existence. His physical

<sup>1</sup> *Times*, October, 1908, and January, 1909.

type also became more sharply defined through exclusiveness in marriage. The Jew, through no fault of his own, belonged to only one class in European society—the industrial bourgeoisie.

In Austria the Jews fared as elsewhere ; their occupations were restricted, also their movements and place of domicile. They were precluded from owning land, from Government service, and from pleading in the law courts. They were nominally emancipated in 1848, but in the reaction which followed they were virtually excluded from landowning in many districts. In 1859 they were first allowed to have Christian servants, and only in 1867 did they acquire political rights. In the division of the population according to the census, the religious heading shows 4·7 per cent. in Austria, and 4·4 per cent. in Hungary ; but these figures by no means correspond to the reality, as many Jews are Magyarized and Polonized.<sup>1</sup> In Hungary, at the census of 1880, 55 per cent. of the Hungarian Jews described themselves as Magyars. They Magyarize themselves as quickly as possible, choose high-sounding Magyar names, and in many cases become converted. Magyarization began on a large scale when the cost sank to 50 kreuzer—that is, about tenpence. Forty-eight per cent. of the Hungarian Jews have taken up their abode in the Magyar part of Hungary ; Szeklerland and its poverty are avoided, and only 14 per cent. of the Hungarian Jews are to be found in Roumanian districts. In Galicia they still form a class apart, with different dialect, customs, and costumes, from the other inhabitants, but they are tending to assimilation with the Poles.<sup>2</sup>

Anti-Semitism first arose in Austria as a political factor at the end of the seventies. The crash in 1873 on the Stock Exchange ruined an immense number of people, and, as usual, the Jews were made the scape-

<sup>1</sup> "Encyclopædia Britannica," new volumes, vol. xxv., pp. 420, 421 ; Coudenhove, pp. 70-76 ; Charmatz, pp. 91-93 ; Palmer, p. 110.

<sup>2</sup> Brote, pp. 4, 5, 9 ; Palmer, pp. 143, 154 ; Popovici, p. 101.

goats for the evil done. In the press and in Parliament the anti-Semitic feeling began to appear. Owing to the stalwart Liberalism of the predominant political parties in both halves of the dual monarchy, partly, no doubt, due to the prominent part taken by the Jews in 1848, and their sterling work for political and economic progress, the movement made little progress at first.<sup>1</sup>

In 1881, however, anti-Semitism found expression in the ready belief given to the allegation of ritual murder, called the "Blood accusation," which was put forward by Rohling, a Professor of Hebrew at Prague, although Professor Delitzsch and other eminent Hebraists, both Christian and Jewish, declared that the Jewish law did not require the physical and moral ruin of non-Jews, and exposed the ignorance and malevolence of Rohling.

In April, 1882, the fiction was exploded. The disappearance of a Christian girl at Tiza Ezlar, in Hungary, gave colour to Rohling's statements, and great excitement and indignation were felt. Several Jews were arrested, and a trial held, at which it was proved, however, that both evidence and documents had been fabricated, and the Jews were released.<sup>2</sup>

This affair thoroughly discredited the anti-Semitic party in Hungary, but in Austria it gained ground all through the nineties. The anti-Semitic ranks had already been swollen by the whole Christian socialist party, with Prince Liechtenstein at their head. Their numbers were further augmented by many of the clerical party after the Reform Bills recognizing Judaism on an equality with other denominations in Hungary were brought in, from 1892 to 1895. In 1895 the Pope sent his blessing to Prince Liechtenstein and his followers.

The Government were now thoroughly alarmed, and the Viennese municipal elections were not calculated to reassure it. Despite imperial displeasure and the dissolution and re-election of the municipal authorities, it was found impossible to get anything but an anti-

<sup>1</sup> Charmatz, pp. 92, 93; Coudenhove, p. 76.

<sup>2</sup> "Encyclopædia Britannica," new volumes, vol. xxv., pp. 477, 478.

Semitic majority, which continued to rule Vienna for five years. In 1901 the tide began to turn, for the spectacle of a clerical anti-Semitic Tammany rule in Vienna had disgusted the best elements in the country, and the total poll of the anti-Semites in the General Election of 1900-01 showed an enormous reduction.<sup>1</sup>

The reaction of sanity has gradually but slowly asserted itself. The racial anti-Semitism of Georg Schönerer received a great blow from the new Franchise Bill. The economic anti-Semitism is as a rule confined to individuals, and does not affect the masses; while the agricultural anti-Semitism, though of some importance in Galicia, does not, generally speaking, carry much weight. Socially, however, the boycott is as strong as ever. In the Alföld towns very frequently the Jews are the wealthiest residents, but the Magyars of the better class avoid all intercourse with them as far as possible. Nevertheless, by dint of conversion, the Jew is gradually edging his way into society, and makes good his footing in many cases by marrying his daughters to ruined members of the aristocracy.

Marriages between Austrian or Hungarian girls of good birth and Jews, even though converted, are very rare. Further, the Jews are viewed with jealousy and dislike on account of their power as the financiers of the country, and they are dreaded as the masters of the press, and as the controllers of industry and commerce in many parts of the country; although in Austria-Hungary, as elsewhere, they are second in business capacity to the Armenians, who have in some localities actually driven them out of the field.<sup>2</sup> Coudenhove points out that, if the Jews do control the press, there are numbers of rich Christians who might found journals, and he painfully proves, from the number of millionaires in other countries who are not Jews, that their prosperity is not greater than that of other people.

<sup>1</sup> "Encyclopædia Britannica," new volumes, vol. xxv., pp. 477-479; Char-matz, pp. 95-97.

<sup>2</sup> Popovici, p. 101; Brote, p. 5; Palmer, pp. 111, 113, 132, 143.

Still, whatever may be said in favour of excellent individuals of the race, whatever excuses may be found in the past history and present conditions of the Jew in Austria-Hungary, the fact remains that his power is feared; that he is disliked on the one hand by the poor, as a merciless master and a grinding landlord, and on the other hand by the upper classes, as an undesirable companion and a still less desirable relative,<sup>1</sup> only to be tolerated under exceptional circumstances.<sup>2</sup> Finally, the Wahrmund case (1908) showed that the Jew can prove as disturbing a factor as the Jesuit.

Dr. Wahrmund, a Professor of Canon Law at the Innsbruck University, published an injudicious pamphlet which was confiscated by the Public Prosecutor at Vienna, as containing offences against a religion recognized by the State, and the Papal Nuncio demanded the removal of Wahrmund from the Chair of Canon Law. The non-clerical students, encouraged by the attitude of the *Neue Freie Presse*, threatened to organize a general academic strike if the Professor was prevented from continuing his lectures. Meanwhile Jews and Jesuits fomented ill-will between clericals and non-clericals, there were outbreaks in the Universities of Vienna and Graz, and in consequence the latter University was closed for the summer. The whole affair was described by the *Times* as an unsavoury Jewish-Jesuit intrigue.<sup>3</sup>

Another incident of the summer of 1908 was a motion brought before the Austrian Lower House of Parliament calling upon the Government to take measures to bring the percentage of Jewish pupils in secondary schools into comparative harmony with the

<sup>1</sup> The same feeling exists in North Germany in equal strength, but, in spite of his great dislike of the race, Prince Bismarck recommended the marriage of the German nobility with Jews "to prevent mischief," and observed that the result in the case of certain noble families whom he mentions had not been bad (Busch, vol. i., p. 452). In the same work mention is made of the "millions who loathe the Jews and their politics."

<sup>2</sup> See Palmer, pp. 98, 132; Coudenhove, pp. 69, 70, 72, 73, 78, 79.

<sup>3</sup> *Times*, Vienna, May 17, 1908; Vienna, June 2 and 3, 1908; Vienna, May 19, 1908; Vienna, June 17, 1908; Vienna, June 22, 1908.

statistics of population. The motion was the result of a demand made by the Christian socialists for the establishment of special schools for Jewish children, who monopolize the secondary schools. The motion was lost, but it is a sign of the feeling that exists with regard to the Jews throughout the monarchy.<sup>1</sup>

One cannot help being immensely struck with the increasing unpopularity of the Jews in both halves of the Empire. Financially they appear to be tightening their grip on the country, especially in Hungary, and the feeling against them seems to be growing in intensity.<sup>2</sup>

## 7. SOLUTIONS.

There is a general consensus of opinion that the existence of the Austro-Hungarian Empire is a European necessity, but some gloomy prophets fear the disintegration of the third sick man when the hand of the present Emperor ceases to guide the helm of State, on account of the racial and religious difficulties and differences. Weil predicts that the dual monarchy will be replaced by a triple, or perhaps a federal, State. The last is the commonest solution offered by the experts who have discussed the subject, and in its favour may be cited the names of Weil, Cheradame, Auerbach,

<sup>1</sup> *Times*, Vienna, June 28, 1908.

<sup>2</sup> Anti-Semitism has hitherto been incomprehensible to Englishmen because they have not had to face the problems which lie behind it, but we are not to be spared the ordeal.

Economic pressure has within the last twenty-five years begun to make itself felt in certain localities, such as the East End of London and the borough of Leeds, owing to the invasion of England by a certain class of Continental Jew.

With regard to social pressure, liberal-minded foreigners have been in the habit of applying to England the proverb that every country has the Jews which it deserves, and hitherto, no doubt, we have been fortunate. But events in recent years have shown us that the East End Jew is invading the West End, and the ominous racial outburst which followed the verdict of a notorious trial in 1908 is a warning that we may not find it so easy to maintain the attitude of easy-going tolerance with which we are justly credited, if it is subjected to the economic and social tests which are constantly being applied all over the Continent.

Charmatz, Popovici, Springer, and Eisenmann.<sup>1</sup> We must once more briefly refer to it.

It is felt that the numerous experiments made since 1848 to solve the nationalities problem have all failed, and at the present time Austria is confronted by the same problem as in the forties and the sixties. Dualism has failed, and the other solutions which suggest themselves are centralism and federalism. Centralism is rejected as being incompatible with the political and cultural advance of the people, therefore federalism alone remains.

Laveleye, Popovici, and Eisenmann, all advocate the transformation of the Empire into a Swiss monarchy. No nationality is to be compressed or confined in its development, nor are its characteristics to be obliterated. Each must develop along its own lines and according to its conscience, and the common fatherland will draw "strength and grandeur from this variety of energy." The nationalities shall each enjoy equality, and the State must relinquish the idea of having a specific nationality. This, according to Bluntschli, is the duty of the polyglot State.

The adherents of federalism, and amongst them Prince Alois Liechtenstein, maintain that federalism does not mean weakness, nor is geographical separation a serious problem, as the races tend more and more to group themselves each into one locality, even in Bohemia.<sup>2</sup>

The resolution of the Brünn Social Democratic Conference is drawn on the same broad lines as are laid down by Popovici, but the latter elaborates the scheme in detail. Austria-Hungary is to be divided into fifteen States: Szeklerland, Trentino, Trieste, Woywodina, Carniola, Slovakland, East Galicia, West

<sup>1</sup> Auerbach, p. 333; Sydacoff, p. 122; Weil, p. 278; Cheradame, "L'Allemagne, la France, et la Question d'Autriche," pp. 224, 225, 245, 274; Charmatz, pp. 10-13; Springer, "Der Kampf der Oest. Nationen um den Staat," p. 247; Eisenmann, p. 680.

<sup>2</sup> Popovici, pp. 241-243, 249-252, 281, 287, 291-297, 304, 317-321, 325; Eisenmann, p. 680.

Galicia, Croatia, Siebenburgen, Hungary, Bohemia, German Moravia, German Bohemia, German Austria, all of which are to enjoy full autonomy under the sceptre of Francis Joseph. In the Imperial Parliament each State will be represented in proportion to its importance, and the competence of the Reich or Bund will extend to such common problems as Foreign Affairs, Imperial Defence, and Finance. The means of communication is to be the German language, although each deputy is to be allowed to use his own language in Parliament.<sup>1</sup>

A further scheme includes proportional representation, a plan which as yet has only been tried in Moravia so far as Austria is concerned, and then only in regard to a section of the Diet. It has not been used in Hungary, and according to the writer of the English Blue Book Report, Cd. 3501, it is not likely to be used for the Imperial Parliament.<sup>2</sup>

At present, no doubt, any such scheme would meet the determined hostility of the Magyars. They appeal to history and geographical unity, but this will not weigh with the minor nationalities if a full measure of franchise reform be passed. In that case the Magyars in Hungary will have to recognize, as the Germans now recognize in Austria, that no one nationality is strong enough to assert and maintain a complete predominance. What the minor nationalities are anxious for is not secession, but autonomous political individuality. The statesman may eventually arise who will be strong enough to give this with every guarantee for imperial unity, but I see no prospect of any practical steps in this direction being taken in the near future. The Magyars are ready to go the length of fighting to maintain their position; and however low their opponents may rate their numerical strength, a warlike nation which can undoubtedly claim more, at the very lowest computation, than six millions of members

<sup>1</sup> Popovici, pp. 317, 321, 325.

<sup>2</sup> Cd. 3501, Report (Miscellaneous) No. 3, 1907.



cannot be blotted out from the map of Europe without a convulsion which would endanger all the great civilized Powers.

Francis Joseph has, it is true, given the definite pledge of his royal word that a Franchise Bill shall be passed. A Bill has been introduced which, as far as one can judge from the press, will not greatly extend the power of the nationalities, owing to the educational tests it applies. Even this Bill, such as it is, appears likely (January, 1909) to be withdrawn. Against the claims of the nationalities there are arrayed, as we have seen, all the leading Magyar statesmen—not only the leaders of the coalition, but also the one strong statesman, Count Stephen Tisza, who is in the background at the present time. It is not unworthy of remark that, of the four leading members of the coalition—Dr. Wekerle, Count Julius Andrassy, Count Albert Apponyi, and M. Kossuth—Dr. Wekerle is the son of a German yeoman, and M. Kossuth the grandson of a pure Slovak. In both cases Magyarization has been complete.

The strongest integrating force of recent years seems likely to be found in the new and vigorous foreign and commercial policy of Baron Aehrenthal. It is long since there has been such an outburst of pride in the past and hope for the future as that which has followed the annexation of the two provinces which we have now to consider.<sup>1</sup>

<sup>1</sup> Baron Bienenrath, the Austrian Premier, speaking in the Austrian Reichsrath on April 27, said: "We have ourselves discovered anew our old Austria: the state and our self-confidence is reinforced. The hateful old pessimism that was compounded partly of impotence has fled. The monarchy lives. That is for us the liberating knowledge, the uplifting lesson of the internal crisis" (*Times*, April 28, 1909).

## CHAPTER XIV

### BOSNIA AND THE HERZEGOVINA

1. INTRODUCTION.
2. THE AUSTRO-HUNGARIAN ADMINISTRATION.
3. THE AGRARIAN QUESTION.
4. INDUSTRY AND COMMERCE.
5. PUBLIC WORKS.
6. FINANCE.
7. THE ANNEXATION.

#### 1. INTRODUCTION.

THESE provinces, which came into the occupation of Austria-Hungary by the Treaty of Berlin in 1878, possess a most fascinating history from the point of view both of politics and theology. Converted to Christianity at an early date as part of the Roman province of Illyrium—possibly, it would appear, by St. Paul himself—a prey later to the bitter quarrel between Eastern and Western Christendom, then the principal refuge of that early form of Protestantism, the Bogomile heresy, which later rendered the transition from Christianity to Islam a comparatively easy step, the Bosnians had a proud but chequered career, first under their own Bans, and then under their own Kings, from the seventh century till the fatal defeat by the Turks at Jaitze, in 1463. The southern province which, entrenched in its inaccessible gorges, yielded from early times only a nominal allegiance to Bosnia, declared its independence in 1448 under Stepan Vukcic, who took the title of Herceg, or Duke, whence the name of Herzegovina, or The Dukedom, has descended to the present day.<sup>1</sup>

<sup>1</sup> H. C. Thomson, "The Outgoing Turk," pp. 80-89.

By virtue alike of geographical position and natural wealth, Bosnia-Herzegovina has always been a country of no small importance, and to this the archæological remains of ruined castles and deserted towns bear vivid testimony.<sup>1</sup> The last of the Balkan States to succumb to the Turkish conquerors, it proved the least amenable to distant Stambul. As a general rule the native nobles were the real repositories of power, while the Sultan's representative was a mere fleeting figure, here to-day and gone to-morrow. If Bosnia was "the lion which guarded the gates of Stambul," it was never thoroughly tamed.

The reforms of Mohammed II. were nowhere so fanatically resisted, and when, after a series of insurrections culminating in the serious outburst of 1875, Austria-Hungary undertook the task of European policeman, the Turkish envoy wished the Empire joy of the task which had baffled his own Government during its four centuries of nominal rule.<sup>2</sup>

In a memorial addressed to the Peace Conference at the Hague in 1907, the Bosnian refugees stated that "the Austrian domination is a thousand times more insupportable than that of the Turks." It is therefore interesting to look back and see what was the condition of the provinces in the nineteenth century under Turkish rule.

A little pamphlet published in German in 1856 begins with these words: "The misrule in the whole Turkish Empire is so great and universal that it can best be described as a State of chaotic anarchy. One province, however, and that perhaps the least known of all, has in this respect a sad pre-eminence. It is a province where one can only travel with the greatest difficulty, and with not less danger than in the wilds of Kurdistan; where intolerance and hate against the Christian is more living and active than around fanatical Damascus;

<sup>1</sup> "Das Bauwesen in Bosnien und der Herzegovina bis 1887," p. 1.

<sup>2</sup> Miller, "Travels and Politics in the Near East," p. 90; André Barre, "La Bosnie-Herzégovine Administration Autrichienne," 1878-1907, pp. 1, 2, 7, 8; "Statesman's Year-Book," 1908, p. 778.

where the insolence of the Agha is more arrogant than ever was that of the Egyptian Mameluke, and where the condition of the subject peoples is more abject and hopeless than that of the fellaheen upon the Nile. That province is Bosnia."

This statement is supported, with regard to the period immediately preceding the occupation, by unimpeachable testimony. In 1877 Miss Irby, who passed through the province as far back as 1862, and who has been living in Serajevo since 1871, wrote that "the devastation committed in Bosnia is unreported and unknown. But I have seen enough from personal experience, in quiet times in both provinces, to appreciate the full truth of Dr. Sandwith's assertion that the usual condition of Bosnia is far worse than that of Bulgaria."<sup>1</sup>

The occupation of the provinces was authorized by Article 25 of the Treaty of Berlin, which further reserved to Austria-Hungary the right of keeping garrisons and having military and commercial roads in the sandjak of Novi Bazar, which extends south of Bosnia, between Serbia and Montenegro. It is possible that the idea of the occupation originated in the secret convention of Reichstadt, concluded in 1876, in view of the impending Russo-Turkish war, between Tsar Alexander II. and the Emperor Francis Joseph. In exchange for Austria's undertaking to take some part in the war, Russia appears to have abandoned the cause of Servia, and left Austria free, when the proper moment arrived, to occupy Bosnia and the Herzegovina.<sup>2</sup> At the Conference of Berlin, in spite of the general good-will shown by the Great Powers to the Austrian proposal, the Turkish Plenipotentiaries offered so stout a resistance that a secret agreement was made and signed by Count Andrassy, Count Karolyi, and Baron Haymerle, expressly providing that the sovereign rights of the Sultan should not be in any way affected by the occupation, which was to be considered provisional, and on the details of

<sup>1</sup> Thomson, "The Outgoing Turk," p. 2.

<sup>2</sup> Busch, "Bismarck," vol. iii., p. 282.

which the two Governments were to come to an understanding.<sup>1</sup>

The provinces to which Austria-Hungary came to bring peace, at a cost to herself of more than 8,000 lives and an outlay of 200,000,000 gulden, form geographically a hinterland to Dalmatia. On the north lies Croatia-Slavonia, on the south Montenegro; to the south-east only the sandjak of Novi Bazar separates them from the western portion of European Turkey.<sup>2</sup>

Bosnia-Herzegovina, by some translated "the land of salt" and "the land of stones," is a wild, mountainous country of picturesque and varied scenery. The main ridge of the Dinaric Alps cuts across the provinces, making them off into two distinct regions, differing widely in character and climate. The northern valleys are fertile, and the slopes of the hills are covered with woods; but in the south the mountains rise abruptly, and the precipitous valleys resemble craters. Both countries are rich in minerals, but Bosnia has a northern and the Herzegovina a semi-tropical climate.<sup>3</sup>

Travellers are unanimous in their praises of the scenery. "The country," writes Spencer Wilkinson, "was always beautiful, and the Turkish villages and towns, with their black or white minarets peeping up out of the trees, gave it a peculiar charm."<sup>4</sup> Certainly, as far as my experience of mountain and woodland scenery, now fairly considerable in both hemispheres, enables me to judge the railway journeys from Serajevo to Mostar, and Serajevo to Vishegrad, and the drive from Jaitze to Baniauuka, are very difficult to rival.

The whole occupied territory has an area of 19,702 square miles, and is divided into six districts. The population according to the last census—that of 1895—amounted to 1,568,092, and showed an increase of

<sup>1</sup> *Time*, October 7, 1908.

<sup>2</sup> Neud-München, "Illustrierter Führer durch Bosnien und die Hercegovina," pp. 4, 5; Barre, pp. 2, 3.

<sup>3</sup> "Encyclopædia Britannica," new volumes, vol. xxvi., p. 316; Barre, pp. 3, 4; see also Comte de Caix, "Les Pays Sud Slaves de l'Autriche-Hongrie," p. 282.

<sup>4</sup> *Morning Post*, May 23, 1907.

35·39 per cent. on that of 1885. There are 893 women to every 1,000 men. In 1895 it was estimated that, of the 1,568,092 inhabitants, 1,497,244 were natives of Bosnia-Herzegovina, 42,358 were Hungarian citizens, 24,018 Austrian citizens. The remaining 4,472 were classified generally as foreigners.<sup>1</sup>

Since the occupation there has been a very considerable influx of Jews, there being in 1879 only 3,426, a number which had risen in 1895 to 8,213. The Jewish schools and synagogues are an eyesore to those who view the growing power of the Jew in the commerce of the province, and the admission of the sons of Israel to the ranks of the administration, with jealous eyes. The Jews, however, are here, as generally elsewhere, an urban population, and the country is almost entirely peopled by the Croato-Serbs, who speak the same Bosnian dialect, which, though varying slightly in the different districts, may yet be called, as Herr von Kalay wished to call it, the Bosnian language.

The figures of the last census (1895) give the following religious divisions: Serb, or Orthodox, Christians, 673,246; Mohammedans, 548,632; Roman Catholics, 334,142; Jews, 8,213; Protestants, 3,596; others, 263. Statistics show a steady growth among all sects from 1879 to 1895, and Dr. Baernreither, writing in October, 1908, reckons that the process has continued, and that at the present time the Orthodox form 43·5 per cent., the Mohammedans 33·5 per cent., and the Catholics 22 per cent., of the whole population. Thus the Orthodox and the Mohammedans form numerically by far the most powerful sects. The latter are, with few exceptions, of Servian descent, and have little or no acquaintance with the Turkish language.<sup>2</sup> The Roman Catholics, who number about half the Orthodox, form a very strong minority, which is enhanced in importance by the fact that its clergy is composed of the élite of

<sup>1</sup> Official Report, "Bericht über die Verwaltung von Bosnien und der Herzegovina," 1906, p. 6; "Statesman's Year-Book," 1908, p. 778.

<sup>2</sup> See Barre, pp. 173, 174, 202; Official Report, 1906, pp. 5, 6, 8, 118.

the Roman Catholic population. This clergy has been at times strongly and injudiciously propagandist, but the net result of such efforts appears to be small. According to the official figures published in 1906, from 1878 to 1904 the Roman Catholics had lost 100 and gained 68 adherents, the Greek Church had lost 37 and gained 72 adherents, while the Mohammedans lost 44 and gained 36 adherents.<sup>1</sup>

Generally speaking, the population consists of Mohammedan Begs, being Servians who adopted Islam to acquire or preserve a privileged position, and a Christian population almost exclusively Orthodox in Bosnia, but partly Catholic in the Herzegovina. The predominant element in the provinces is Turkish. The aspect of the towns and villages, and of the peasants' life, has the Turkish stamp, with this difference—that the villages have no air of decay or neglect, but are neat and clean.

In appearance the male portion of the population is handsome. The men have a fine bearing, enhanced by the picturesque national costume, which is worn by Christian and Mohammedan alike. The women, on the other hand, wear an ungainly, voluminous dress, and the Turkish women are closely veiled.<sup>2</sup>

Varying statements are made as regards emigration. On the one hand it is maintained that the natives are seeking refuge from the Austrian rule in Montenegro and Macedonia, and that their exodus is encouraged by the administration; on the other hand the official report puts the emigration at 79 per 100,000, which cannot be regarded as serious when the satisfactory increase of the population is considered. Sir Charles Eliot corroborates the official view, and says that a large number of those who emigrated after the occupation subsequently returned, saying that they found things worse on the other side of the frontier.<sup>3</sup>

<sup>1</sup> See Official Report, 1906, p. 118; Nikaschinovitsch, p. 128; Miller, pp. 91, 92.

<sup>2</sup> Sir C. Eliot, "Turkey in Europe," p. 344; *Morning Post*, May 23, 1907.

<sup>3</sup> Official Report, 1906, p. 10, 11; Barre, pp. 166, 167; Eliot, "Turkey in Europe," p. 345.

## 2. THE AUSTRO-HUNGARIAN ADMINISTRATION.

( By the Treaty of Berlin, July 13, 1878, the Ottoman provinces of Bosnia-Herzegovina were, as we have seen, handed over to the Austrian Government for administration and military occupation. The sandjak of Novi Bazar, though occupied till 1908, under the same treaty, by an Austrian military force, was all through administered civilly by Turkey. The chief authority is the provincial Government, with its seat at Serajevo, but the direction of the administration is exercised by the Bosnian Bureau, entrusted to the Austro-Hungarian common Minister of Finance at Vienna.<sup>1</sup> )

The situation with which Austria had to cope in 1878 was one of immense difficulty. The country was in a state of anarchy and insurrection, and although the latter came to an end after a few months of desperate resistance, yet the work of pacification was far from completed. At this time, according to the Vicomte de Caix, nothing was secure—neither “the fruits of labour, nor property, nor persons.” After four years of occupation order was established in a country which had never been fully quelled by four centuries of Turkish rule.

A slight insurrection occurred in 1882, attributed by Miller to the Mussulman dislike of serving under Christians, but acknowledged by Herr von Kallay to have been aggravated by undue exactions by the lower officials. This proved to be the last flare of the revolutionary spirit, and from that time public security has remained undisturbed. Brigandage and crimes of violence, before a daily occurrence, sank to zero.<sup>2</sup> In 1893 six men and one woman were condemned to long terms of imprisonment for murder, and one man for highway robbery. In 1894 one man was executed and four men and one woman were sentenced to imprisonment for murder, there being no cases of robbery with

<sup>1</sup> “Statesman's Year-Book,” 1908, p. 778; Barre, pp. 2, 7, 8.

<sup>2</sup> Barre, pp. 9-11; Eliot, p. 344; Nikaschinovitch, p. 3; Vicomte de Caix, pp. 211, 218, 219; Miller, pp. 90, 117-119, 131.



violence. In 1906 the total statistics of crimes and misdemeanours showed a lower percentage than Austria-Hungary herself could boast.<sup>1</sup>

In 1882 Herr von Kallay, sometime Consul-General at Belgrade, a profound student of the Serb history and the Serb people, was made head of the Bosnian administration, and remained in that position till 1903. With his advent the constructive work of the occupation began.<sup>2</sup>

The Austrian rule has down to 1908 been despotic, a form of Government judged suitable to backward States, under which category these provinces most certainly fell before Austria had effected the wonderful transformation of the last three decades. The first difficulty the dictator had to face was the pacification of the inimical section of the population; for if the majority welcomed the occupation, there were others to whom it meant the death-knell of long-cherished hopes—the passing of that dream of a Greater Serbia which had never quite died while the Osmanlis remained nominal masters in Serbia, but which vanished before the power and efficiency of the Austrian occupation.<sup>3</sup> The desire has remained, but some of the aspirants have begun to think that it may possibly be realized within the four corners of the Austro-Hungarian system in the shape of a South Slav kingdom of Illyria. Grave social and agrarian difficulties existing long before 1878 were rather aggravated than allayed by the Austrian occupation, since hopes were unduly roused, only to be disappointed.

On their arrival the Austrians were besieged by Christians, who demanded the restitution of the lands alleged to have been seized by the Mussulmans, and even urged a general division of the soil. Investigation, however, proved that, if this robbery had ever

<sup>1</sup> Thomson, "The Outgoing Turk," p. 14.

<sup>2</sup> Miller, "Travels and Politics in the Near East," p. 90.

<sup>3</sup> See *Daily Telegraph*, September 2, 1908; Charmatz, p. 389; Miller, pp. 91, 118; Leger, "La Save, le Danube, et le Balkan," p. 143; de Caix, p. 77.

taken place, it dated centuries back, and the authorities therefore resolved to make the best they could of the existing law, without risking one of those agrarian revolutions which redress an old wrong by committing a new one.

Another complication lay in the fact that, in addition to the Mussulman element, there were two distinct parties among the Christians to be reckoned with—the Orthodox and the Roman Catholics. The settlement of the religious question occupied the immediate attention of the administration. In 1879 a convention was concluded between Austria and the Sultan, declaring that all those who shall be domiciled in Bosnia and the Herzegovina shall enjoy complete liberty in the exercise of their religion. Following up this edict of toleration, a Concordat was drawn up between Austria and the Patriarch at Constantinople as regards that Greek or Serb Church which is so identified with the nation that it is true to say that “en Bosnie, qui dit Orthodoxe, dit Serbe, et réciproquement.” It was arranged that in the future nominations to the Bosnian bishoprics should first be submitted to the Emperor for ratification; further, that the remuneration of the Bishops should be placed on a different footing. The old casual donation—the *Vladitcharina*—which fluctuated according to the popularity of the recipient, was abolished, and the offering was levied as a tax, the Bishops receiving a definite revenue.

This reform, although it would appear to commend itself as reasonable and desirable, was bitterly resented.<sup>1</sup> The people liked the power which the payment of the *Vladitcharina* gave them over the Metropolitan, and the feeling was not lessened by the fact that the Exchequer made a profit of 40,000 florins out of the transaction. In 1884, however, the tax was abolished as inconsistent with the equal treatment of all confessions, and the expenditure was defrayed from the public purse. The ratification of the nomination has

<sup>1</sup> Vicomte de Caix, pp. 220-224; Miller, p. 105; Barre, pp. 14, 19-21.

been attacked by some writers as the death-blow to spiritual independence. The Bishop, it has been said, became Austria's paid man, and the Popes, taking the lead from their chiefs, were also enlisted upon the side of the Government. Anti-Austrian writers further make serious charges against the administration on the ground of alleged designs to undermine the Greek Church by making bad appointments, and by otherwise attempting to alienate the people from the Church. On the other hand, it appears from the Vicomte de Caix that the Greek Church, far from being in a satisfactory state at the time of the occupation, was grossly venal. Ecclesiastical appointments were purchased, and the Bishops recouped themselves for their outlay at the expense of their dioceses, while the Popes did a regular trade in "spiritualities," all religious services being expensive. It has even been said that children of Orthodox parents have grown up unbaptized because their parents were too poor to pay the baptismal fee.

Since the changes introduced by the Austrians, another writer notices that there has been a general purification of religions, and that a higher standard of theological attainments has been reached.<sup>1</sup> A seminary was erected for orthodox priests in 1884; from 1878 onwards churches and parsonages have been built or restored by the Government; new church books were provided in 1891, at a cost of 48,000 crowns; provision was made in 1898 for the widows and orphans of the clergy; and, finally, in 1905 a wide measure of autonomy was given to the Orthodox Serb Church. Here and there, no doubt, there may be room for informed criticism of this Church policy, but for a well-known agent of the Russian Government to write to the *Times* (October 24, 1908) that "the Austrians have all these thirty years been persecuting the Greek Church in all its dogmas and manifestations" is to make a statement so manifestly untrue that it defeats its own ends.

<sup>1</sup> Barre, pp. 14, 15, 17, 19, 21-23, 26-30, 33, 42-50; Official Report, 1906; "An Observer in the Near East," pp. 103, 104; Eliot, p. 345; de Caix, pp. 137, 138; Miller, pp. 93, 94.

It is the same with regard to the Roman Catholic Church, as far as the Government is concerned. No doubt that Church had a great deal to do with the occupation, and fancied that it would be the predominant partner in the Bosnian firm. It has, however, been bitterly disappointed by the even-handed treatment which the various denominations have received. The Roman Catholics attempted to make conversions, and some part of their activity was, no doubt, not only injudicious, but most unwelcome to the Government. The net result of this work of conversion, which is regulated by a law of 1891, has been, as we have already seen, very small. As a body, the Roman Catholics have received similar subventions to the Orthodox; and if they have not got the same measure of autonomy, it is because they have no desire for it.<sup>1</sup>

Autonomy has also been granted to the Mohammedans. A great deal of land in Bosnia is *Vakouf*, or ecclesiastical property, dedicated by pious donors to religious and charitable objects, such as the keeping up of mosques, hospitals, schools, baths, and the relief of the sick and poor. Under the Turkish Government the administration of this property had become very corrupt, and the incomes were diverted into the pockets of officials. This *Vakouf* has been reorganized by the Austrian Government, and placed under a department in Serajevo, the administration of which is in the hands of the Mohammedans, subject of course to the supervision of the Government. This action was no doubt regarded as an encroachment on religious liberty, but the result is that the income increased from 457,126 crowns in 1889 to 671,876 crowns in 1905, a little, no doubt, from new foundations, but chiefly from better management. The tenants on the *Vakouf* property were till recently better off than any other tenants in Bosnia, owing to their rents being fixed by the yearly contracts, calculated at the rates prevailing when the

<sup>1</sup> Thomson, "The Outgoing Turk," p. 35; Official Report, 1906; *Times*, October 24, 1908; Miller, pp. 91, 92.

contracts were made. One of the recent measures has extended a similar benefit to all tenants. Part of the *Vakouf* income is expended on improvements, a proceeding which would never have been thought of in Turkish times. Subventions are also granted to the Mohammedan religion as well as to both Jews and Protestants.

The result of the religious activity displayed upon morality, as judged by the ordinary test of criminal statistics, is, as we have already seen, remarkable. A further test is that of the rate of illegitimate births. In 1895, out of 18,296 Turkish births there were 10 illegitimate; out of 27,394 Orthodox births there were 196 illegitimate; out of 14,451 Roman Catholic births there were 178 illegitimate. Total, 384 illegitimate out of a total of 60,140 births. Similar figures prevailed from 1890 onwards, and although the rate in 1906 is higher—namely, 667 illegitimates, out of 75,843—it is still considerably lower than that prevalent in many parts of Europe.<sup>1</sup>

As regards the burning question which led to the insurrection of 1875—namely, the agrarian difficulty—Austria's solution has been found in the enforcement of the already existing Turkish law of 1859. Admirable in theory, the law had remained in practice a dead letter; but after the occupation it became a working system, and twenty years' experience proved it, in Miller's view, to be "what a competent authority once called it . . . 'a golden law for the peasant.'"

The position of the peasant is an assured one, and if the system of Baron Kallay did not wholly satisfy the people, yet it was suited to Bosnian conditions, and the country was not ripe for a more advanced organization, such as that to which the reforms of Baron Burian (1903-08) may be considered a prelude.<sup>2</sup>

As regards the pacification, the Mussulman Bosnians, according to Sir Charles Eliot, although they may regret the easygoing tolerance of the Turk, and

<sup>1</sup> Thomson, "The Outgoing Turk," pp. 76, 77.

<sup>2</sup> Miller, pp. 104, 105.

deprecate the interfering reforms of the Austrian administration, are, unlike the true Asiatics, capable of appreciating security and good government, with the accompanying material prosperity, and in their hearts they do not really regret Turkey.<sup>1</sup>

The Austrians have done their best to conciliate the Mohammedans and Catholics, and apparently with some success. The Orthodox express less satisfaction, but, writes Sir Charles Eliot, "it may be doubted whether their complaints represent any serious undercurrent of revolutionary feeling."<sup>2</sup>

With regard to the Austrian administration as a whole, its aims and results, two very different views exist. On the one hand there is the belief, very widely held, of the general excellence of the work on which the name and fame of Herr von Kallay in Europe is founded, and to which travellers of every nation, including in recent years Englishmen of the character and standing of Mr. Hope, M.P., and the Duke of Sutherland, have borne ungrudging testimony.<sup>3</sup> On the other hand there is a tremendous indictment drawn up by a small body of writers, most of whom believe in a Greater Serbia, and some of whom, at any rate, would seem to have been inspired from, if not actually in the pay of, Belgrade. By this school Austrian brutality and corruption are denounced, while abuses in Church and State are said to be rife. The administration is stigmatized as one of terror and exaction, "famine and assassination." Austria's sole aim, in their view, is to gain one step forward to the East, and the means to that end, to which her energies are devoted, are the moral and material ruin of the Serbs. Kallay's rose-coloured accounts of Bosnian affairs have, according to these authorities, thrown dust in the eyes of Europe, and even the Austrians themselves are represented as in ignorance of the distress which must some day be realized. "Les peuples qui meurent

<sup>1</sup> Sir Charles Eliot, "Turkey in Europe," pp. 344, 345.

<sup>2</sup> Eliot, p. 344.

<sup>3</sup> *Times*, October, 1908.

d'exactions, sous les rubans et les panaches, laissent malgré tout échapper leurs plaintes. On ne contraint pas les cris de la faim, et ces cris-là, tôt ou tard, sonnent au delà des montagnes, des barrières, des censeurs et des ministres " !<sup>1</sup>

General testimony to the material blessings of Austrian rule is to be found in the pages of Sir Charles Eliot, Mr. Miller, and others ; but here we have a specific statement of starvation repeated by another writer (Nikaschinovitsch). It is one which receives but little confirmation from my own personal observation in the provinces in 1908.

The wasted frames not unfamiliar to those who know the East End of London or the West Coast of Ireland are not visible, though the children sometimes look ill-fed and neglected. What does seem to be true is that the Bosnian workman, in spite of his apparently magnificent physique, is not to be relied on for continuous labour, and is apt, after a week or two of work, to return home, so that contractors are obliged to rely upon labour imported from Dalmatia and elsewhere.<sup>2</sup> It is also true that the peasantry seem to spend somewhat less on their dress than on my previous visit in 1894 ; but if the money spent on personal ornament is laid out on the land, or is placed either in the savings bank or some other reproductive form of investment, this is merely in accordance with the tendency of increasing civilization, and is not to be regretted.

It is also alleged that the peasantry have less cattle than formerly. To this one can only oppose the evidence of one's own eyes, fortified by the statements of other travellers and official statistics. Lastly, there is the undisputed fact that taxation is heavier, for the cost of roads, railways, hospitals, sanitary and other improvements, is defrayed by the Bosnian taxpayer, who grumbles no doubt, as all taxpayers do, but who is receiving, on the whole, good value for his money."

<sup>1</sup> Barre, pp. 9, 13 ; Nikaschinovitsch, pp. 10, 24, 114, 119, 128, 267.

<sup>2</sup> See Foreign Office Reports, No. 3,094, October, 1903, p. 5.

The critics of Austria strengthen their case by a description of the elaborate and costly spy system, which, they maintain, effectually prevents the outsider from obtaining a true view of Bosnian conditions. The military police are excellent, and no better testimony to their work can exist than the transformation of Bosnia from a state of perpetual brigandage to one as peaceful as that of any State in Western Europe; but their hand doubtless has been, and still is, heavy on the criminal. As to the secret police, the revelations of the summer of 1908 at the terrorist trial in Montenegro, and the volume published by Nastitsch, giving evidence of the preparation of bombs in the Servian arsenal at Kragujewatz, give sufficient justification for action;<sup>1</sup> but it seems doubtful whether this police has reason to act in the country districts. Among the educated proletariat of the towns such propaganda would find inflammable material, but in the country districts, though no Slav is ever entirely deaf to the calls of his Church or his nationality, there seems to have been very little response to the agitation from 1882 up till October, 1908. This impression was strengthened by my visit to Vishegrad, on the Servian frontier, where, if anywhere, unrest was likely to be found, and there was none. At the same time, it would be a mistake to assert, on the one hand, that there is no sympathy with Servian ideas in country districts; or, on the other, that the Austrians are popular as a body, though there are instances within my personal knowledge of men who are simply beloved.

In some cases, as in the censorship of the press, the administration has been admittedly severe, and until 1907 the system of preventive censorship was undoubtedly oppressive, though somewhat more liberal after 1908. Formerly every book and newspaper entering Bosnia or the Herzegovina used to pass through

<sup>1</sup> "An Observer in the Near East," pp. 105, 106, 111, 112; Loiseau, "L'Équilibre Adriatique," pp. 208-210; see Nastitsch's pamphlet, "Finale," Miller, p. 128; Eliot, p. 343; and *Morning Post*, May 23, 1907.



the censor's office, and every word published by the home press was subjected to the censor.<sup>1</sup> On January 18, 1907, a new press law was promulgated, and at the present time the publication and sale of printed matter is, within certain limits, free. The publisher and editor must be citizens of Bosnia-Herzegovina or subjects of Austria or Hungary, and caution-money is required by the Government from the publishers of newspapers dealing with political questions. Proceedings are taken before ordinary law courts, and the law is, from a Continental point of view, not illiberal. This view will, I think, be confirmed by those who have followed the proceedings of the public press in Bosnia-Herzegovina during the last two years.

Education is another subject of attack, and oppression of Serb Orthodox schools is alleged.<sup>2</sup> The administrative officials reply that they exact efficiency from the teachers. We have experience in England and Wales of the kind of allegations that arise in the case of the competition and rivalry between religious and State schools. Generally speaking, in Bosnia-Herzegovina it would appear that, so far from any undue favour being shown by the Government in the matter of education, parents have liberty to choose between public schools, where the child will consort with children of other creeds, and schools of their own way of thought. Great care, indeed, is taken as to the religious prejudices of pupils; for instance, the lesson-books used by the Orthodox are printed in Cyrillic letters, and those used by the others in the Latin character.

Education is, indeed, a branch of the administration to which the greatest care has been devoted, and it is of an eminently practical character. The danger of an educated proletariat, like that which is seen in modern Greece, has been ever present to the mind of the Government,<sup>3</sup> but, as an eminent Austrian critic, Dr. Baernreither, has pointed out, there is still much

<sup>1</sup> "An Observer in the Near East," pp. 105, 106.

<sup>2</sup> Barre, pp. 67-69.

<sup>3</sup> See Miller, pp. 98-100.

to be done as far as elementary schools are concerned.

At the time of the occupation the difficulties were very great. The Orthodox wanted their own religious schools; the Mohammedans will even now not hear of sending their daughters to any general school. There were no teachers, and the parishes were in many cases too poor to build schools. There are in the two provinces 5,388 school districts, and up to the present time in only 2,060 of these districts are there school facilities. In the school year 1905-06 only 14·33 per cent. of the children of school age had the opportunity of attending school. The official report of 1907 speaks of building ninety-five more schools in the next five years, but this is, as Dr. Baernreither points out, too slow a rate of progress. One result of the Young Turkish movement already felt in Bosnia has been the greater interest taken by Mohammedans in education.<sup>1</sup>

The administration of justice has been completely reformed since the occupation. Before that time Consul Holmes could write: "I don't hesitate to say that, of all cases of justice, whether between Mussulmans alone or Turks and Christians, ninety out of a hundred are settled by bribery alone." In all the attacks made on the Austrian Government and its reforms, none have, as far as I am aware, been made on the administration of justice. A special feature of the new régime is the maintenance of independent Turkish courts for all questions in dispute between Turk and Turk. For instance, all matters pertaining to marriages, to family quarrels, and succession to property, are settled by Mohammedan judges, from whose decision there is an appeal to the supreme court at Serajevo, and that court is assisted by Mohammedan assessors.<sup>2</sup> This special feature is the execution of the Austrian undertaking to administer the country in

<sup>1</sup> Baernreither, "Bosnische Eindrücke," p. 13; see also Thomson, "The Outgoing Turk," pp. 57-63.

<sup>2</sup> Thomson, "The Outgoing Turk," pp. 52, 54-56.

accordance with existing laws, but it tends to keep the Mohammedans a class apart and to retard their amalgamation with the rest of the population, which is so eminently desirable. No pains, however, have been spared to make the Cadis efficient and trustworthy Judges. Another special feature of the Bosnian judicial system is the summary court for trifling cases up to 50 gulden, before which lawyers are not allowed to appear. Moreover, the number of lawyers in the country is strictly limited, a fact which prevents the fomenting of quarrels by needy advocates.<sup>1</sup>

Looking round at the end of his administration, the admirers of Herr von Kallay had reason for their pride in his work. It is true that here and there, as we shall see, there was some extravagance; here and there the administration was too much in the hands of specialists; here and there cases occurred of corruption, and perhaps even of violence, among the police. Against these few cases of the malpractices of the gendarmerie must be set the continual extortion and ill-doing of the Turkish police who preceded them, and who, as Consul Holmes tells us, generally had to bribe the Colonel and Bimbashi for their admittance to the force, and reimbursed themselves by extorting money "almost wherever and whenever employed."

But the Austrian proclamation made at the time of the occupation was strictly carried out. The people enjoyed equal rights before the law; they were protected in life, in belief, in property and estate. Government and order were evolved out of anarchy and chaos. All races and religions were not only tolerated, but protected. If anything, the Bosnian Mohammedans received rather more consideration than the other religious sects, not only from motives of political expediency, but also from the generous desire to soften the pain of submission to a gallant foe.

At the time of the occupation the health and sanitation of the provinces were in a terrible condition;

<sup>1</sup> Thomson, "The Outgoing Turk," pp. 51, 55-57.

hospitals and sanitary arrangements were practically unknown; different epidemics seemed to have almost a permanent hold; there were few, if any, qualified medical men. Veterinary science was unknown; cattle plague was general. In these respects also a complete revolution was effected.

Herr von Kallay, who was much assisted by the tact and social talents of his wife, was not only a great administrator himself, but also had the gift of choosing good men to serve under him, and imbuing them with his own spirit. Bosnians are now admitted to the Civil Service, but two-thirds of the officials are still men from the dual monarchy, who lead a hard and lonely life of exile in uncongenial companionship and surroundings, not unlike those of our countrymen in India. The climate is far from healthy; they are separated from their children, who have to be sent elsewhere for education, as there are no suitable schools in Bosnia. The term of service before a pension is earned is long, and leave is hard to obtain, because the service is understaffed. It is also, taking it as a whole, decidedly underpaid. No one can see these men at their daily task without a feeling of admiration for their integrity, their devotion to duty, their keen interest in the welfare of the people committed to their charge, and their unwearied tenacity of purpose, nor also without a sense of indignation at the unjust attacks to which they are now and again subjected. Nor are they without anxiety for the future. The admission of Bosnians to the service is bringing about on a small scale the situation which exists on a large scale in South Africa, by the supersession of Englishmen by colonials. The least that could be done would be to place the children of officials who had served their time in Bosnia on the same footing for appointments as the native-born.<sup>1</sup>

Herr von Kallay's system of dictatorship was necessary,

<sup>1</sup> See Miller, pp. 117, 119, 120, 122-125; Eliot, pp. 346, 545; "Statesman's Year-Book," 1908, p. 727; Charmatz, p. 388; Dr. Baernreither's speech to the Austrian Delegation, October 29, 1908, Official Report.

because in his time the people were simply unfit for liberty. They could not have united to form a nation. Liberty would only have meant a fresh lease of misery. But with the advent of Baron Burian in 1908 came the time for a new departure, and the gradual development of self-government. A beginning had been made in 1897 with partial self-government for the towns, but the foundation for autonomous administration throughout the two provinces was made by the statutes relating to the organization of communities in town and country, which came into force in 1907. These laws, which at first aroused some distrust on the part of Conservatives in Austria-Hungary, were to be followed by the establishment of district councils, and eventually provincial councils. Baron Burian's hand has no doubt been forced by two events—the recrudescence of Pan-Serbism and the success of the Young Turkish movement, with the consequent annexation of Bosnia-Herzegovina in the autumn of 1908, of which more will be said below ; but to him must be given the credit of having foreseen the necessity of granting self-government in the near future, and of taking the preliminary steps in that direction. Little has so far been known of the successor of Herr von Kallay, whose reserved bearing presents a contrast to the geniality of his predecessor, but whose reforms, not only in the direction of self-government, but also with regard to the regulation of the land tax (1906), the press law (1907), the regulation of usury (1908), and the abolition of forced labour on the roads (1908), have been of an eminently practical character. The effect of the last-named reform, which is generally ignored by anti-Austrian critics, is the greatest relief of all to the peasant. Formerly he was required to work on the roads perhaps six or eight days when his labour was most urgently required for his own crops. Now the *Robot*, or forced labour, is replaced by an equitable tax, which falls lightly on the poor, and more heavily on the well-to-do.

## 3. THE AGRARIAN QUESTION.

The agrarian question is one of paramount importance in Bosnia-Herzegovina, where, according to the last census (1895), 88 per cent. of the whole population are engaged in agriculture. The present agrarian system is based upon the Turkish law of Sefer 14, 1276 (September 12, 1859)—a land reform Act forced upon the Ottoman Government by popular insurrection and Austrian pressure. It has much in common with the metayer system. The landlord, or *Aga*, and the cultivator, or *Kmet*, share between them the produce of the soil in a proportion fixed by the custom of the village. The *Kmet* further pays one tithe to the Government, but in cash instead of in kind, as formerly under the Turkish Government. The unlimited corvée and the *don des femmes* was abolished with the advent of the Austrian Government. In Turkish times the administration was bad, and the collection of the tithe depended, in fact, on the presence of a military force, as otherwise it was refused. When the Austrian converted the payment in kind into a payment in money, the landlord took the Government assessment as the basis for calculating what was due to him. In this respect the *Kmet* doubtless was worse off. The tithe due to the Government had to be paid regularly, and the landlord's due, whether a third (*Tretina*) or a fourth or a fifth, had also to be paid regularly. Recently, by an Act of 1907, the Government converted the tithe into a tax levied on the basis of ten years' harvest. This was a great advantage to the tenant, who often lost part of his harvest by waiting for the arrival of the Government assessor. But the landlord was not obliged to accept the basis of assessment, and therefore still levies his dues on each individual crop, and the dues have to be calculated before harvest. The result is an enormous increase in disputes between landlord and tenant.

In 1881 there were 4,555 agrarian disputes, in 1904 there were 10,784, but in 1907 there were 17,000—

almost, as Dr. Baernreither says, a state of civil war. The fact is that the tenant has become more progressive, and payment in kind is always a hindrance to intensive agriculture. The solution lies, undoubtedly, in the conversion of the tenant into the owner, a process which has been in progress for some time, and which is supported by loans from the Government; but so far the permission of the landlord is necessary, and that, of course, is not always given.<sup>1</sup>

At present there are in Bosnia-Herzegovina 88,970 tenants pure and simple who have only land subject to dues. There are 22,655 "mixed" tenants, who not only hold land subject to dues, but also land which is freehold. The total number of tenants is 101,625, and of these 23,477 have bought their property out and out.<sup>2</sup> At the rate at which this process is working out, two more generations will be required to complete it. Hitherto there have been two obstacles to accelerating purchase. The first is the want of economic training of tenant and landlord alike. The former would not have known how to manage the property, and the landlord, being not only ignorant of business, but also forbidden by Mohammedan law to put out money at interest, would have wasted the purchase-money. The other obstacle lay in the question where the money was to be found, which was decisive.

At the present time, then, the questions which have to be settled by fresh legislation are these: When the landlord refuses to sell to a tenant perfectly well able to buy, shall he be compelled by law to do so? and if so, who is to determine the price? Dr. Baernreither proposes that the example of the Irish Land Act of 1881 shall be followed. In any case, the solution of the land

<sup>1</sup> "Statesman's Year-Book," 1908, p. 778; Miller, pp. 103-107; cf. Barre, pp. 113-117; Nikaschinovitch, pp. 24, 32, 33; "An Observer in the Near East," p. 113; Baernreither, "Bosnische Eindrücke," pp. 8-15.

<sup>2</sup> Mr. Thomson, writing in 1897, states that 200,000 Kmets have purchased in this way, and are now free proprietors. He gives no authority for this statement. At the census of 1885 he adds that there were only 117,000 ("The Outgoing Turk," p. 40).

problem is a matter of most pressing urgency, even if one does not go so far as Dr. Baernreither, and call the land problem the Bosnian question *par excellence*. It is to be added that one of the ablest and most liberal-minded Austrian administrators that I met in Bosnia in 1908 informed me that for this purpose alone annexation of the provinces to Austria-Hungary was necessary, because a Government which was to solve the difficulty must do so without the possibility of appeal to Powers outside. The reform must come from within, and the Bosnians must themselves have a share in the responsibilities of making it by means of proper representative institutions.<sup>1</sup>

The preparatory work required to fit the tenant for entering on his work as a freeholder has been going on from the time of the occupation. Better methods of cultivation have been taught, model farms have been erected, the cattle plague has been stamped out, and the breed of cattle has been improved. In fact, the Government has been active in every measure that could tend to improving the position of the agriculturist, as the British Foreign Office Reports abundantly show.<sup>2</sup> Moreover, help has been given to meet unexpected disasters.

In 1906 the population of the Drina suffered immense loss from the November floods, and the Foreign Office Report for 1907 records that the Government gave the sufferers "ample succour." The winter was got over well, while the district relief funds, from which the agriculturist is able to get temporary credit, have tended greatly to the welfare of the agricultural classes.<sup>3</sup>

A real cause of poverty is to be found in the excessive number of fast-days and holidays. There are, writes Dr. Baernreither, 154 fast-days in the year, which are so religiously kept by Orthodox and Catholics alike that the capacity for work suffers therefrom. In

<sup>1</sup> Baernreither, "Boanische Eindrücke," pp. 8-15.

<sup>2</sup> Miller, pp. 101-103; Foreign Office Reports, No. 1,494 (1896), p. 2.

<sup>3</sup> Foreign Office Reports, No. 1,850, "Bosnia" (March, 1897), p. 7.



addition to this, there are the religious holidays, in which little or no work is done. To remedy these evils a higher grade of culture must be reached, but any interference with the precepts of religion where they conflict with the peasant's economic interests can but be made after ample discussion in local representative assemblies.<sup>1</sup>

Further assistance has been given by the Government to the agriculturist by the regulation of the river systems—for instance, of the Save and the Drina—with a view to the prevention of floods. Drainage-works have been undertaken, and water-works for the provision of good water,<sup>2</sup> though these have not in every case been successful. Serajevo was suffering from something like a water famine in September, 1908. Vaccination has been introduced, and other remedies against disease, with what difficulty can only be understood by those who have had similar work to do amongst Mohammedans. The campaign against syphilis has not yet been conducted with any great measure of success. This terrible disease, which is said to have come with the Turks from the East, appears now to be commonly spread by a careless use of the same drinking utensils, for the population has, according to the testimony of those who know it best, a high moral standard in the sexual relations.

The expenditure on sanitary and veterinary objects has risen from 210,400 crowns in 1890 to 1,095,000 crowns in 1905. Well-equipped hospitals are now to be found throughout the two provinces, with free medical attendance; and, in view of Mohammedan susceptibilities, women doctors have been appointed at Serajevo, Mostar, Dolnia-Tuzla, and Banialuka. The sums spent on medical officials have risen from 10,880 crowns in 1879 to 306,755 in 1905, the veterinary budget from 16,694 crowns in 1880 to 117,874 in 1905. The Provincial Hospital at Serajevo has been erected and

<sup>1</sup> See Baernreither, "Bosnische Eindrücke," p. 13.

<sup>2</sup> See Foreign Office Reports, No. 2,167 (August, 1898), p. 9.

equipped with every modern improvement and invention. Though much still remains to be done, an effort has been made to deal with the housing problem.

Attempts have also been made, though not with any great success, to deal with the questions of external and internal colonization. Up to the end of 1905, 2,730 Bosnian families had been settled on 8,571 hectares of public land; nearly half of these settlements (1,216) are in the neighbourhood of Banialuka. The plan of importing colonists from advanced foreign countries has also been tried; 1,817 families, consisting of 9,660 souls, were imported from Germany and Holland up to 1905, and settled with a view to improving Bosnian methods by their example. The results did not, however, come up to the anticipations of the Government, and the plan is now abandoned. Far more effect has been obtained by educational methods, such as model farms. Nevertheless, the peasantry change their habits slowly; the Bosnian peasant is very conservative, and often adheres to methods very little different from those described by Virgil. It is only fair to add that in many respects he is not behind his compeers in Dalmatia, who have had the advantages of Western government for centuries.<sup>1</sup>

Of the whole area of the country, 55 per cent. is forest land. Tobacco and plums are staple products—the latter principally in Bosnia, the former principally in the Herzegovina. Other crops are maize, wheat, barley, oats, rye, millet, buckwheat, potatoes, flax, and hemp. An innovation to which the peasants have not taken kindly is the cultivation of sugar-beet, but in spite of this dislike it is grown over a very considerable area. There is a sugar-factory at Usora, near Dobry, which continues to work in spite of competition from Austria-Hungary, but largely in the hope that the import of sugar without surtax will be limited to 8,000 tons.

Bosnia is famous for the cultivation of the plum in districts where the climatic conditions essential to

<sup>1</sup> Official Report (1906), p. 337.

success—namely, cool moist nights, a warm temperature by day, and a chalky soil—are to be found. Plums were, indeed, for long the article of commerce which brought the most money into the country. The plum harvest is spoken of as affecting the whole population, “as everyone who has but a few yards of ground grows plums, if nothing else.”<sup>1</sup> Now, however, according to Barre, the Government have taken up the manufacture of plum brandy, and the right to manufacture brandy, “one of the chief sources of revenue of the peasant, has been withdrawn.”<sup>2</sup>

Tobacco is to the inhabitants of the Herzegovina what the plum is to the peasants of Bosnia—the one all-important crop and article of commerce. Tobacco is a Government monopoly, but a monopoly which has proved a boon, and has given a great impetus to this branch of agriculture. The peasants know they have a certain market for all the tobacco they can grow, and, although the price paid to growers had diminished by 1904, the peasants still find it worth while to grow a crop, and the cultivation is actually increasing.<sup>3</sup>

At the date of the occupation, cattle of all kinds had decreased greatly both in number and in quality. Years of war and insurrection had exhausted the once famous breed of horses. The administration began by stamping out the cattle plague; after 1886 special attention was paid to the breeding of cattle, and some very successful crosses were made. The Government has also instituted studs for horse-breeding, and there are horse-shows to encourage this industry. “Everything,” says the Foreign Office Report, “is done to improve the breed of horses in the provinces.”<sup>4</sup>

In addition to model farms and the importation of

<sup>1</sup> “Statesman’s Year-Book,” 1908, p. 778; Zurunic, “The Bosnian Plum,” p. 3; Nikaschinovitch, p. 105; Foreign Office Reports, No. 4,033 (June, 1908), p. 15.

<sup>2</sup> See Barre, pp. 176, 177.

<sup>3</sup> Foreign Office Reports, No. 1,404 (February, 1895), pp. 2, 5; “Statesman’s Year-Book,” p. 778; Foreign Office Reports, No. 3,297 (October, 1904), pp. 9, 10.

<sup>4</sup> Foreign Office Reports, No. 1,404 (February, 1895), pp. 2-4.

good breeds of animals and poultry, the Government further assists the peasantry by distributing seeds and by lending agricultural machinery to farmers; while in the agricultural schools the population have the opportunity of acquiring a practical and technical knowledge of every branch of the agricultural industry.<sup>1</sup>

The question of the forests has been one of peculiar difficulty for the administration. The Turkish Government had indeed passed in 1869 a modern forest law, but it had not been carried out, and the Austrians had to survey the ground, and then to draw up regulations distinguishing the rights of the State, the *Vakouf*, the commune, and private individuals. Special difficulties arose from the unlimited pretensions of the landlord on the one hand and unlimited usufruct of the tenant upon the other. The regulation of the proprietary rights required a period of seventeen years (1884 to 1901); the marking of boundaries was not completed for eighteen districts till 1905. This work and the subsequent development of the forests and the industries connected with their exploitation has required endless work and endless tact. But even so the administration does not seem to have satisfied Dr. Baernreither, either that the mode of development is not living on the capital instead of the interest, or that the actual sales were made on the best business terms.<sup>2</sup>

In any case, a cursory perusal of the literature on the subject will satisfy any impartial observer that the regulation of the forests, which was absolutely necessary for the prosperity of the provinces, has contributed not a little to render the yoke of Austria burdensome alike to landlord and tenant. The transition from a régime where the law, if known, could always be evaded; where bribes were recognized as a system; where payments, if any, were made in kind, to a system under which the citizen is expected to know the law, where the Judge is incorruptible, and where every pay-

<sup>1</sup> "Statesman's Year-Book," 1908, pp. 778, 779; Miller, p. 103.

<sup>2</sup> Dr. Baernreither, speech to the delegation, October 29, 1908, Official Report.

ment, including the taxes, has to be made regularly and in money—the transition from medieval to modern society—has had to be made in thirty years by an illiterate agricultural community. The only wonder is that it was made, in the case of such a warlike race, without repeated revolt and bloodshed.

#### 4. INDUSTRY AND COMMERCE.

In consequence of the isolated condition of Bosnia and the Herzegovina, and the disturbed state of the provinces before 1878, industry and commerce were carried on there under great difficulties. Since the occupation, however, the improved administration, greater security, and development of communications, have effected a remarkable revolution in the trade of the provinces, and have brought them into close touch with the commerce of the world in general. The construction of roads, the steady annual extension of the railway net, the establishment of factories, and the consequent increased demand for raw produce, tend to develop agriculture.<sup>1</sup>

The trade of the provinces largely depends upon agrarian conditions—upon the harvest and the health of the cattle—but in recent years new factors begin to appear, and in 1904 the improvement in commerce generally was attributed partly to briskness in the timber trade.<sup>2</sup>

Three salient features have to be noted with regard to the commerce of Bosnia and the Herzegovina: first, the great preponderance of manufactured goods in the imports, and of raw materials in the exports; secondly, the increase in the total exports of both categories; and, finally, the increase in the import of manufactures, and the decline in the export of raw material.

<sup>1</sup> See Zurunic, "The Bosnian Plum," p. 7; Foreign Office Reports, No. 1,494 (February, 1895), p. 6.

<sup>2</sup> Foreign Office Reports, No. 1,850 (March, 1897), p. 2; No. 2,167 (August, 1898), p. 3; No. 2,356 (September, 1899), p. 4; No. 3,297 (October, 1904), p. 3.

In recent years a rapid increase has taken place in the volume of certain imports, among which are sugar, petroleum, and beer, all articles which in 1897 were produced in sufficient quantities in the country to all but cover the home demand. The exports which show the greatest expansion in recent years are timber, iron, chemicals, skins, spirituous liquors, meat, eggs, lubricating oil, and ores.<sup>1</sup>

Direct trade with foreign countries is still very small, and statistics with regard to the countries of origin and destination are vague and scanty. With little variation from year to year, 80 per cent. in quantity of the imports enter by Slavonia and Croatia, and the remainder by Dalmatia. The exports by way of Croatia-Slavonia have gradually fallen in eight years from 87 to 71 per cent., while the proportion by way of Dalmatia has risen from 13 to 29 per cent., this last increase being largely due to the railway recently built to Gravosa. The inclusion of Bosnia and the Herzegovina in the Austro-Hungarian Customs Union was a great benefit to Austro-Hungarian trade, but Great Britain lost thereby an annual trade of more than £400,000, the importation from the United Kingdom of cloth, woollen goods, and copper, having almost entirely ceased.<sup>2</sup>

The development of communications which have such an important influence upon trade may be judged from the fact that there were in 1906 1,014 miles of railway, 1,908 miles of telegraph-lines, and 4,580 miles of wire. There were 156 telegraph-offices and 708,253 messages were transmitted. The telephone service had 56 miles of line and 365 miles of wire. In 1906 there were transmitted 16,742,330 letters and postcards, and 5,400,000 packets of printed matter, samples, and newspapers.<sup>3</sup>

<sup>1</sup> "Statesman's Year-Book," 1908, p. 779; Foreign Office Reports, No. 4,033 (June, 1908), p. 13; Foreign Office Reports, No. 1,850 (March, 1897), p. 4.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 779; Thomson, "The Outgoing Turk," p. 110.

<sup>3</sup> "Statesman's Year-Book," 1908, p. 779.

Bosnia-Herzegovina is, as we have seen, largely agricultural, yet the wealth of the country in forests and minerals gives promise of industrial development which the Austrian administration has done its best to forward.

Salt-mining, now a profitable Government monopoly, was never properly administered by the Turks, as the officials in charge of the salt works found it more profitable to themselves to keep the output low, and to eke out their salaries at the expense of the Government. All this was changed under Austrian management, and Bosnia no longer requires to import salt from the Dalmatian sea-coast. Salt production rose from 18,576 quintals in 1885 to 226,710 quintals in 1906.<sup>1</sup>

The mining of iron, copper, manganese, chromium, quicksilver, and coal, is also carried on. In 1906 the output of coal was 594,172 tons, of iron ore 136,513 tons, of manganese 7,651 tons, and 2,626 miners were employed. The timber trade, too, has been developed, and several large and small saw-mills are now flourishing. There were already in 1894 the following factories at work, all of which were founded after the occupation: at Serajevo, factories for brick, carpet, gold lace, inlaid wood, and encrusted metal work, nails, and brewing; at Zenika, iron and steel, and paper works; at Brod, a petroleum refinery; at Tuzla, a distillery; at Usora, sugar factories. There were steam-sawmills at Podwitz, Hadzici, Doberlin, etc.; iron works and foundry at Vares; and there were tobacco factories at Mostar, Travnik, and Banialuka. Many of these enterprises were started by the Government; in others the Government is pecuniarily interested.<sup>2</sup>

In 1902 a commencement was made with regulations of factory labour, and also with a system of insurance against sickness and accident. Some of the factories and industrial enterprises have not proved successful,

<sup>1</sup> Miller, pp. 113, 121; Official Report, 1906, p. 462.

<sup>2</sup> "Statesman's Year-Book," 1908, p. 779; Foreign Office Reports, No. 3,297 (October, 1904), pp. 6, 7; No. 1,518 (April, 1895), p. 4.

but some, and especially the breweries, have made good profits. Not the least successful part of the activity of the Government has been that connected with the revival of native industries. With this object the Government has set up an art workshop and school at Serajevo, where beautiful work in metals and wood is turned out. The Government carpet factory, which gives employment to 600 women, also produces fabrics of great beauty, comparing favourably with those of Brusa and Constantinople. The Bosnian native products, indeed, made a very good show at the Millennial Exhibition at Buda-Pest (1897), and at the Industrial Exhibition at Brunn.<sup>1</sup>

The detractors of the Austrian administration have three grievances with regard to the development of commerce and industry, and bitter complaints are made with regard to the predominance of Austrians, and especially of Jews, in these new fields of activity, to the detriment of the Servian race. There is some show of reason for these complaints as far as the Jews are concerned, for they have poured into the country since the occupation, and are as much detested here as elsewhere in Austria-Hungary. Moreover, out of 679 scholars of the nine commercial schools in Bosnia-Herzegovina, no less than sixty-four are Jews.

The industrial ring, or *Konsortium*, which controls the brewing and other industries, is also an object of attack, and it is alleged that unfair favouritism is shown to this association.

The reply of the Government is, obviously, that the Bosnian nationality is not yet competent to undertake the work, that competent natives always receive equality of opportunity, and that the Government is doing its best, by technical education, to develop the business capacity of the native population.<sup>2</sup>

<sup>1</sup> Foreign Office Reports, No. 1,850 (March, 1897), pp. 4, 6; No. 2,167 (August, 1898), pp. 5, 6; No. 2,356 (September, 1899), p. 5; No. 2,917 (November, 1902), p. 5; No. 3,297 (October, 1904), p. 7; André Barre, pp. 182-196; Miller, p. 101; "An Observer in the Near East," pp. 100, 101.

<sup>2</sup> See André Barre, pp. 173-177, and *c/*: Foreign Office Reports, No. 3,297 (October, 1904); also No. 3,094 (October, 1903), p. 5.



## 5. PUBLIC WORKS.

At the time of the occupation the whole apparatus of modern civilization had still to be created in Bosnia-Herzegovina, and the land had to be rescued from the state of barbarism in which Macedonia and Albania still are at the present day. The sole railway line was the fragment from Doberlin, on the Croatian border, to Banialuka, intended to be the beginning of a great highway to Salonika. At the time of the occupation, however, grass had grown on the track, and Bosnia was still without a single train.

With the exception of 1896 and 1897, when public works were somewhat neglected owing to the fact that large sums were required for the Millennial Exhibition, railways have been steadily extended from year to year in the face of great engineering difficulties. The railway from Serajevo to Mostar, for instance, in crossing the watershed from the Valley of the Bosna, rises more than 1,800 feet in the course of  $10\frac{3}{4}$  miles, and reaches a height of 2,874 feet above the sea-level. The ascent is so steep that it can only be made by means of cogged rails and wheels. Again, the important strategical line from Serajevo to the frontier of the sandjak of Novi Bazar at Uvatz, with a branch line to Vishegrad and the Servian frontier at Vardiste, was estimated to cost £3,125,000, though the total length was little over 100 miles. According to the Foreign Office Report for 1908, the exact length of the line is 103 miles, in which distance ninety-nine tunnels, measuring  $11\frac{3}{4}$  miles, had to be made, besides a great number of cuttings, bridges, and viaducts. To the traveller the line seems, for the most part, to be clinging to the precipitous sides of the mountains. In 1906 there were 1,014 miles of railway in the two provinces.<sup>1</sup>

One serious defect in the Bosnian railways lies in the

<sup>1</sup> Miller, p. 108; Foreign Office Reports, No. 4,033 (June, 1908), pp. 6, 7; No. 1,850 (March, 1897); No. 3,094 (October, 1903), p. 4; "Statesman's Year-Book," 1908, p. 779.

fact that they are made on a very narrow gauge, because they had to be built rapidly and cheaply. The only line with a normal gauge is that from Doberlin to Banialuka. This fact prevents them from competing with the normal-gauge Servian line, and, quite apart from the enormous difficulties and expense which would attend the making of the much-discussed Novi Bazar railway, this deficiency will for long, if not always, prevent these provinces becoming the highway to Salonika.<sup>1</sup> At present there is a considerable loss on the working of the Eastern Railway. During the first six months the receipts were £11,000, and the expenditure £18,500. The receipts and expenditure of the whole Government railways administration in 1906, as compared with the average of the preceding five years, are shown in the following table :

## RECEIPTS.

	Average, 1901-1905.	1906.
Goods traffic ... ..	£283,900	£353,639
Passenger traffic ... ..	71,613	90,812
Miscellaneous ... ..	12,960	16,350
Total ... ..	£368,473	£460,801

## EXPENDITURE.

	Average, 1901-1905.	1906.
Ordinary (upkeep and administration)	£243,193	£317,681
Extraordinary (improvements, purchase of rolling-stock, etc.) ...	96,958	113,300
Balance paid to Government account	29,321	29,820
Total ... ..	£369,472	£460,801

The proportionately heavy outlay on upkeep and improvements is explained by the mountainous character of the districts through which the line passes ; by the

<sup>1</sup> Miller, p. 109 ; Foreign Office Reports, No. 4,033 (June, 1908), p. 8.





necessity, which still exists, of strengthening the weak superstructure originally laid down; and by the relatively high cost of traction by light narrow-gauge locomotives, especially over such passes as the Ivan and Komar.

Generally speaking, there appears to be a steady development of traffic. Passenger fares are charged at the uniform rates of approximately  $\frac{1}{3}$ d.,  $\frac{2}{3}$ d., 1d., and  $1\frac{1}{3}$ d. per mile for the four classes, and bring in only 20 per cent. of the receipts. Of every 1,000 passengers in 1906, 556 travelled fourth class, 350 third class, 91 second class, and only 3 first class. Goods rates are so charged as to favour the conveyance of such goods as timber, coal, and ores, and thereby benefit the larger industries and undertakings. The forest lines marked on the accompanying map are mostly worked by companies enjoying long-term concessions for felling and exporting timber.<sup>1</sup>

The connection of the provinces with the sea-coast has, owing to the jealousy of the Hungarian Government, only recently been completed by the railway to Gravosa. What is wanted for the development of the country is a further connection with the coast at Spalato, and also the junction of the lines at Jaitze and Baniakuka. The last-named railway could easily be made along the road already constructed at such enormous expense. Dr. Baernreither, in his great speech to the Austrian Delegation on October 29, 1908, contended stoutly for these improvements, for what he called a rational railway system, and for a rational tariff—that is, a railway system organized from the point of view of the economic interests of Bosnia and an autonomous railway tariff.<sup>2</sup>

In no respect has the decline of the Turkish administration been more marked than in its incapacity to make and maintain roads. The great Turkish Sultans

<sup>1</sup> Foreign Office Reports, No. 4,033 (June, 1908), p. 9; see further "Die Bosnische Ostbahn," for map of railway and description of difficulties.

<sup>2</sup> See Dr. Baernreither's speech, Official Report.

of the past were celebrated as road-makers, and as long ago as Roman times Bosnia-Herzegovina was connected by three great thoroughfares with the Adriatic. In later Turkish times, however, the roads were allowed to fall into disrepair, and if an energetic monarch sent money to the Provincial Governor for road-making, it invariably stuck in the Governor's pockets. Hence, in 1878 there was an almost impenetrable barrier between this romantic country and the civilization of the West. Shortly after the occupation, the only means of reaching Serajevo from the frontier at Brod was the post-cart of the Austrian consulate, which passed each way once a week, and took two days and a night or more on the journey. The road itself resembled nothing so much as the bed of a river.<sup>1</sup>

The Austrian administration at once took vigorously in hand the work of extending, improving, and reconstructing roadways. This undertaking has been persevered in as far as the means at the disposal of the Provincial Government will allow. The result is that Bosnia-Herzegovina, which in 1878 had little over 250 miles of indifferent carriage-road, possessed in 1906 3,342 miles of good carriage-road and 1,794 miles of made bridle-paths. Many of the bridle-paths can, on emergency, be traversed by wheeled vehicles, and the provinces are, in fact, on as good a footing as the Tirol and other mountainous districts of Austria.<sup>2</sup>

The Government is also actively engaged on the improvement of the soil, the draining of the marshes, the regulation of the rivers as a protection against floods and for the purposes of irrigation, and the erection of rain-water cisterns to provide against oft-recurring seasons of drought. For instance, in 1898 a very important and costly work, the damming of three mountain streams at Klina, near Avtovac, for the irrigation of the plain of Gacho in the Herzegovina, was

<sup>1</sup> Miller, pp. 107, 108; also "Das Bauwesen," pp. 9, 61.

<sup>2</sup> Foreign Office Reports, No. 3,297 (October, 1904), p. 11; No. 4,033 (June, 1908), p. 10.

completed. It was estimated at this time that this work would bring 1,482 acres under irrigation, and that this acreage would eventually increase. The hay of the Gacho plain is a source of great profit to the peasantry, and is exported to Dalmatia.

The drainage works of Serajevo, a great enterprise which had been going on for many years at a heavy cost, were practically completed in 1901. Some remote quarters of the town remained where drainage could only be carried out as the houses were rebuilt and the roads widened.

In addition to these works of great public utility, the Austrian administration has built a vast number of public buildings, which has drawn upon it the accusation of extravagance. The Government is, in particular, said to have a perfect mania for fortifications.<sup>1</sup>

In 1908, however, the maintenance and extension of roads, and the systematization of the water resources of the country, formed the chief occupation of the Public Works Department.

## 6. FINANCE.

At the very outset it was laid down that the provinces, whose occupation had cost the dual monarchy so much blood and treasure, should be self-supporting, and since 1880 the military credit (somewhat over £800,000 per annum) for the army of occupation is the only expense which has been incurred by Austria-Hungary.<sup>2</sup>

The financial history of the occupation in the Budget returns is one of unbroken success. Bosnia-Herzegovina pays its way, and its credit is good, as was shown in the nineties, when a loan was issued for public works, and

<sup>1</sup> Foreign Office Reports, No. 1,494 (February, 1895), p. 5; No. 1,850 (March, 1897), pp. 9, 10; No. 2,167 (August, 1898), p. 9; No. 2,917 (November, 1902), p. 7; "Das Sanitätswesen," 1878-1901, pp. 33-37, 40, 51; see André Barre, pp. 238-241, 259-263; *Morning Post*, May 23, 1907.

<sup>2</sup> Charmatz, p. 387; Official Report, 1906, p. 407; Miller, p. 120; Foreign Office Reports, No. 1,850 (March, 1897), p. 11; No. 2,167 (August, 1898), p. 10.

immediately covered. For many years there has been a surplus, while the total public debt, which amounts to about £5,000,000, is being systematically extinguished by yearly instalments, the various loans which were contracted for the building of the railways being payable within a term of years. The interest of 4 to 4½ per cent, and amortization are provided for out of revenue.<sup>1</sup> Except for these railway loans, the receipts from the two provinces have covered all expenditure.<sup>2</sup>

These facts go far to refute the attacks of critics, who write vaguely of "the need of economy in the present wasted finances," and of the "great disorder in the finances." No doubt all the expenditure sanctioned by Herr von Kallay was not equally judicious. The advertisement of the country, establishments like those at Ilidze, and institutions like the race meetings, which were encouraged at one time all over the provinces, were open to criticism; but some of these charges have been limited or reduced by his successor. Barre complains of administrative incompetence, extravagant contracts made with builders, and excessive estimates made by Government engineers. The officials, he maintains, are themselves overpaid. On his own showing, however, the salary of the departmental engineer, bonuses included, only reaches £960 a year; and though this sounds a large sum for such work to foreign ears, it does not strike an Englishman as excessive.<sup>3</sup>

There is, however, no doubt that some foolish schemes have cost the public dear, and the critics are justified in laying stress on them. For instance, there was the Bosnian fleet, which is, according to Barre, still derisively called "*Geburgsflotilæ*." Five million florins, or about £400,000, was spent in the construction of vessels with which to compete with the Servian mercantile marine on the Drina, the river which

<sup>1</sup> Miller, p. 120; Foreign Office Reports, No. 1,850 (March, 1897), p. 11; No. 2,167 (August, 1898), p. 10; No. 2,356 (September, 1899), p. 9; No. 3,094 (October, 1903), p. 5.

<sup>2</sup> Foreign Office Reports, No. 4,033 (June, 1908), p. 3.

<sup>3</sup> See "An Observer in the Near East," p. 114; Barre, pp. 234, 238, 239, 248.



separates Bosnia from Servia. It was then found that the vessels were too large for the river, and the whole fleet was sold to a Jewish firm, at a loss of 4,800,000 florins to the State. Other ventures, less extravagant in character, which have also failed, are the rice plantation of Eastern Bosnia, which is said to have cost 200,000 florins, and the tanyard at Serajevo, which is said to have absorbed 50,000 florins from the public funds. Barre returns triumphantly to the larger scandal. "*La flotte bosniaque*," he says, "*serait un souvenir joyeux, type d'imprévoyance et d'ignorance, s'il était moins douloureux aux finances publiques.*"<sup>1</sup>

Another item of the Budget expenditure which is fiercely attacked by all the anti-Austrian writers is "the costly spy system"; and, indeed, the cost of the gendarmerie rose by about 500,000 crowns between 1900 and 1908, and is the largest item in the Budget except the military system.<sup>2</sup>

It is worthy of remark that the annual surplus on the final accounts, which averaged £82,000 for the years 1901-1905, is paid into the Government Treasury, and does not again figure in the public accounts.<sup>3</sup> I asked in vain for an explanation of this fact.

The Budget shows a steady increase both of revenue and expenditure, and both stand at more than five times the original figure, but they show no sign of diminishing or remaining stationary. In 1908 the Budget estimates were:

RECEIPTS.				EXPENDITURE.			
Ordinary...	...	...	£2,707,169	Ordinary	...	...	£2,555,136
Extraordinary	...	...	63,163	Extraordinary	...	...	213,282
				Credit balance	...	...	1,914
Total	...	...	£2,770,332	Total	...	...	£2,770,332 <sup>4</sup>

In 1897 the estimated increase of revenue was—Tithe, £18,333; income tax, £2,718; tax on cattle,

<sup>1</sup> Barre, pp. 246-248.

<sup>2</sup> "*Budget der Verwaltung*," volume for 1900, p. 10; volume for 1908, p. 16; Barre, pp. 236-238.

<sup>3</sup> Foreign Office Reports, No. 4,033 (June, 1908), p. 3.

<sup>4</sup> Foreign Office Reports, No. 4,033 (June, 1908).

£3,333 ; salt monopoly, £1,250 ; excise, £5,833 ; stamps, £2,917 ; mines, £1,108 ; Government printing-office, £1,750 ; and of expenditure—Millennium Exhibition, £4,167 ; sanitation, £3,167 ; public instruction, £5,080.

A considerable revenue is obtained from the working of the forests, and this rose from 1,736,600 crowns in 1900 to 3,541,050 crowns in 1908. Among the chief items of revenue in 1900 were the tobacco monopoly, the tithe, and the mines. In 1908 the tithe revenue had only risen slightly, from 8,500,000 to 8,600,000 crowns ; while the tobacco monopoly had risen from 10 million odd crowns to 14 million odd crowns, mines from 3 to 5 million odd crowns.<sup>1</sup>

It has been maintained by some critics that the natives feel the burden of taxation more severely now than under the Turkish régime, and a readjustment of taxation has been advocated. One would certainly have expected greater elasticity in the revenue derived from tithe. On the other hand, the administration has a far greater expenditure to meet than the Turks for objects of pressing public utility, such as railways and public works, which increase the earning capacity of the population. Of the taxes, the most productive are the tithe on the fruits of the field, and the tax on cattle, which is the staple industry ; from this tax cows are exempt. The tax on goats has been raised deliberately, not for the purpose of revenue, but to prevent further destruction of the woods by the goats. In any case, the transition from the Turkish system of taxation, when the payments were in kind, irregular in levy, and avoidable by bribery, to the accurate and punctual Austrian system, was likely to be disagreeable to the peasantry, but it does not seem to be unduly burdensome.<sup>2</sup>

Among financial reforms that are inevitable is the transfer of the posts and telegraphs from the military to the civil authority. At present, in military hands, the accounts are clear and precise—so precise, indeed,

<sup>1</sup> Foreign Office Reports, No. 1,850 (March, 1897), p. 11.

<sup>2</sup> See "An Observer in the Near East," p. 113 ; cf. Miller, pp. 120, 121.

that they exactly balance ; 3,151,872 kronen 34 heller are the receipts, and exactly the same amount to a heller is spent. It is probable that in the hands of civil authorities some revenue may be derived from this source. Another source of revenue at presently inadequately tapped is the income tax.<sup>1</sup> Up till the present year the Bosnian Budget has been laid before the delegations, but in the future, no doubt, it will be laid before the Provincial Diet.

Among the improvements devised by the new rulers is the development of a system of credit, which was rendered necessary by the new organization. Credit was organized under three heads: (1) Real property credit; (2) agricultural credit, for the accommodation of farmers and peasants; and (3) commercial credit.

First there was the Mortgage Credit Institute, which developed into the privileged Landes Bank; then the District Support Fund, formed partly from private and partly from public funds, which gives short-term loans, and has proved invaluable in time of floods and other sudden emergencies; finally, a branch of the Union Bank was erected for commercial credit. The first independent bank came into existence in 1888, and this modest institution passed into the hands of the privileged Landes Bank in 1895.

Before the erection of the Landes Bank, several savings banks existed in Bosnia-Herzegovina, and these have increased in recent years. There are now ten savings banks and eleven credit associations in the two provinces.

With the annexation one important banking advantage will accrue, for on October 6 it was announced to a deputation of Viennese bankers that the Austro-Hungarian Bank will extend its activity to Bosnia-Herzegovina, and found branches there.<sup>2</sup>

<sup>1</sup> Dr. Baernreither, delegations speech, October 29, 1906, Official Report.

<sup>2</sup> "Bericht über die Verwaltung," 1906, pp. 377-380, 382, 388, 390, 400, 401, 404; *Neue Freie Presse*, October 7 and 8, 1906.

## 7. ANNEXATION.

The occupation of Bosnia-Herzegovina, whether it was originally suggested by Prince Bismarck, with a view to keeping Austria and Russia apart, or not, appears to have been settled as between Russia and Austria by the secret Convention made at Reichstadt in January, 1876. The authority for the existence of this treaty is to be found in the second volume of Prince Bismarck's "Reflections and Reminiscences," and a speech delivered by Prince Bismarck in the Reichstag on February 2, 1888, coupled with a conversation of Prince Bismarck published by the Comte de Chaudordy in 1889.

During the negotiations as to the Near Eastern Question in 1875 and 1876, Prince Gortschakoff seems to have come to the conclusion that Russia had to fight Austria or buy her off. He therefore opened negotiations with Count Andrassy, which were concluded July 12, 1876, at Reichstadt, in Northern Bohemia, by a secret protocol, agreed to by the Emperors Alexander and Francis Joseph. In the agreement founded on this protocol, it was settled, *inter alia*, that, in the event of the independence of Servia and Montenegro being recognized, and of Turkey proving incapable of preserving order in Bosnia and the Herzegovina, Austria-Hungary was to have the right of occupying and administering those provinces. The secret treaty was signed at Buda-Pest on January 15, 1877. The Russo-Turkish War followed, with the Treaty of San Stefano and the Berlin Congress.<sup>1</sup>

<sup>1</sup> Perhaps the most authoritative account of this Convention is to be found in the words used by Tsar Alexander II. to Kaiser William I. at the famous Alexandrovo meeting of October 4, 1879, and reported by William I. to Prince Bismarck: "As to the latter [Austria], he [Alexander II.] now added for the first time, 'Certainly I had reason to be dissatisfied with her, as her attitude during the war was *louche*, as usual. Without firing a shot, she occupied two Turkish provinces, of course never to surrender them again, as the English will never surrender Cyprus, respecting which they entered into a separate treaty during the Congress without making any communication to the Great Powers. . . .' I [William I.] interrupted him here, saying I believed there had been negotiations at Reichstadt respecting the occupa-

At the Congress the mandate for the occupation of the provinces was proposed on July 28, 1879, by Lord Salisbury. The proposal was limited, as far as Great Britain was concerned, to occupation and administration; for in a speech subsequently delivered by Lord Beaconsfield, he defended the mandate on the ground that it did not imply a dismemberment of Turkey—in other words, did not contemplate a formal annexation.

There was an additional secret agreement made between Russia and Austria-Hungary, signed by Count Andrassy and Prince Gortschakoff on July 13, 1878, to the effect that, in consideration of the Austro-Hungarian Government having refrained from submitting for discussion to the Congress the question of the transfer of the Ottoman administration of the sandjak of Novi Bazar, in conformity with the decisions arrived at on June 22 by the Berlin Congress, in order to facilitate an understanding between the two Governments, the Russian Government undertook to raise no objections if, in consequence of difficulties which might result from the Ottoman administration of the sandjak, Austria was compelled definitely to occupy (*occuper définitivement*) that territory as well as the remaining portion of Bosnia and the Herzegovina.<sup>1</sup>

From the Austrian point of view, the reasons of the occupation were recently set forth by the Austrian Ambassador at Paris, Count Khevenhüller, in an interview in October, 1908. "Owing," he said, "to the incessant risings in the two provinces, there were almost always 200 refugees in our territory, and we were obliged to feed and lodge them, and provide for all their needs. We were sure that Turkey was incapable of

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tion of Bosnia and the Herzegovina. 'Yes,' said the Emperor, 'but under quite different conditions—that Austria should take part in the war in some way. All the same, the main point is that we should hold together *à trois*.' Of course I could only confirm that view as my own conviction" (Busch, "Bismarck," vol. iii., p. 282). Cf. also *Fortnightly*, November, 1908; *Contemporary*, November, 1908; *National*, November, 1908; *Nineteenth Century*, November, 1908; *Times*, October, 1908; Bismarck's "Reflections and Reminiscences," vol. ii., pp. 232, 252, 271, and 277.

<sup>1</sup> *Times*, November 30, 1908.

administering these provinces; we were therefore obliged to occupy them in the interest of safety and for the security of our own territory.<sup>1</sup> . . . The occupation was further necessary for other reasons. Dalmatia was absolutely in the air, and we required a hinterland to consolidate this possession." It appears from the "Hohenlohe Memoirs" that on June 20, 1879, Count Andrassy told M. Waddington that he must occupy Bosnia-Herzegovina at any price. For the moment it is only a question of occupation. On the 29th Andrassy read out a long declaration at a meeting of the Congress, in which he said that Austria would only consent to a solution which guaranteed permanent peace. Lord Salisbury then read out a declaration that peace could best be secured if Austria advanced into the country. Whereupon all the representatives gradually gave their approval.<sup>2</sup> Only the Turks protested.

Article 25 of the Treaty of Berlin merely says the provinces of Bosnia-Herzegovina shall be occupied and administered by Austria-Hungary. On July 13, 1878, when the clause was drawn up for final signature, the Turkish Plenipotentiaries stated they could not accept the proposal without special and binding guarantees. On this, Plenipotentiaries of Austria-Hungary—Count Andrassy, Count Karolyi, and Baron Haymerle—signed a statement that the sovereign rights of the Sultan should suffer no diminution (*atteinte*) by the fact of the occupation, that the occupation should only be considered provisional, and that the two Governments should come to an understanding on the details of the occupation directly after the closure of the Congress.

As it was thought that this agreement would give rise to great indignation in Austria-Hungary, the Turks agreed that it should be kept secret. In the convention which followed the above protocol in 1879, all reference to the provisional character of the occupation was omitted, and only the reference to the sovereign rights

<sup>1</sup> *Times*, October 7, 1908.

<sup>2</sup> "Hohenlohe Memoirs," vol. ii., p. 218.

of the Sultan was left, but that reference was precise : "The fact of the occupation of Bosnia-Herzegovina does not prejudice (*ne portant pas atteinte*) the rights of sovereignty of H.S.M. the Sultan over these provinces."

During the thirty years which have elapsed since the occupation, the only sovereign rights which the Sultan has exercised are—(1) The permission given to the Mohammedan Bosniaks to mention the name of the Sultan in their prayers ; (2) the permission to hoist the Turkish flag on the minarets of mosques during prayer-time, where it has been customary to do so. At first the Ottoman flag, which is red with a white crescent, was hoisted ; later, to avoid misunderstanding, a green flag, with the Turkish inscription, "The hour of prayer," was substituted. A third right, that of the circulation of Turkish coins as legal tender in the two provinces, has fallen into disuse. It is said that no such coin has circulated in the provinces during the last twenty years.

While the sovereign rights of the Sultan have fallen into desuetude, Austria-Hungary has been exercising most of the attributes of sovereignty. The Emperor and King has represented the provinces as against foreign countries, and concluded commercial treaties for them. The territory has been administered in his name by its own officials. He has exercised complete legal jurisdiction, and the Great Powers have recognized this by not insisting on the capitulations—that is, the right to have their own consular courts, as is customary in Egypt and Cyprus as well as in Turkey.

Insults levelled at the Emperor and members of his family have, under the Bosnian criminal code, been treated as treasonable, while those levelled at the Sultan have been placed in the same category as those against other crowned heads—namely, that of defamation. It is the same with taxation and all branches of finance : the Emperor and King is the sole source of authority. It is also he who levies recruits, and to him the recruits have sworn allegiance. Moreover, the weights and

measures, the patents, the posts and telegraphs, have all been Austro-Hungarian. There is, therefore, a balance of argument in favour of the Austrian statement that, whatever may have been the nominal status of the Sultan, *de facto* the Emperor and King was Sovereign.<sup>1</sup>

On the other hand, the laws passed by the Austrian and Hungarian Parliaments establishing the Provincial Government spoke of the administration as provisional, a fact which was due, no doubt, to the opposition which the occupation aroused; and the Hungarian law (No. 6 of 1880) expressly provided that the occupied provinces can only be incorporated in the monarchy with the assent of both Parliaments. Apart from the agreements with Turkey and their definite terms, there was another obstacle in the way of annexation—namely, the protocol signed by the Plenipotentiaries of Austria-Hungary at London in 1871, at the Conference of the Great Powers summoned on the subject of the Black Sea clauses of the Treaty of Paris. In that protocol it was laid down as an essential principle of the law of nations that no Power can repudiate treaty obligations nor modify treaty provisions except with the consent of the contracting parties by friendly agreement.<sup>2</sup>

<sup>1</sup> Baernreither, "Bosnische Eindrücke," pp. 45-53; *Nineteenth Century*, November, 1908.

<sup>2</sup> With regard to the cause of this Conference, it is instructive to compare the accounts given in the English Blue-Book of Bismarck's assurances, and his own statement of the actual facts.

In Parliamentary Paper Cd. 245, 1871, is recorded the report of Mr. Odo Russell to Lord Granville: "The result of a three hours' conversation was that His Excellency Count Bismarck authorized me to assure your lordship—

"1. That the Russian circular of October 19, denouncing the above-mentioned clauses, had taken him by surprise.

"2. That, while he had always held that the treaty of 1856 pressed with undue severity upon Russia, he entirely disapproved the manner and the time selected by the Russian Government to force a revision of that treaty.

"3. That he regretted that he could neither interfere nor even answer the circular officially, in consequence of the war."

In "Reflections and Reminiscences," vol. ii., p. 113, Bismarck takes credit to himself for having prompted the Russian action. He writes: "It was consequently a fortunate thing that the situation offered a possibility of doing Russia a service in respect to the Black Sea. . . . We had an opportunity of improving our relations with Russia. Prince Gortschakoff entered reluctantly upon the initiative with which I sounded him in this direction. . . . In order



Why, then, did the Austro-Hungarian Government move, and what notice did the Powers receive of her intended action?

The cause for action is no doubt to be found, on the one hand, in the growth of the South Slav or Pan-Servian movement, which had assumed considerable proportions in the last few years, the rise of the Young Turkish party with their attractive programme, and the pressing need within the provinces themselves of certain far-reaching agrarian reforms, and of an extension of local self-government, which it might be difficult, if not dangerous, to carry out if the authority of the Emperor and King could be debated or appealed against in the new Provincial Diet.

Reference has already been made to the position of the Croato-Servians, but a word more may be said here as to the South Slav agitation within the two provinces in the years 1907, 1908, which proclaimed as its object the liberation of all Slovenes, Croats, and Serbs, from the Austro-Hungarian Empire. It seems doubtful whether the propaganda had taken much hold of the rural population, but it was pressed with great energy and with some measure of success in the towns, and a kind of mock Parliament was actually held at Serajevo.

The language used by some of the newspapers is worthy of note. In the *Musavat* of Mostar, in April, 1907, a jurist tried to show that no Mayor of a town can legally be held to swear fealty to anyone else but the Sultan of Turkey. In the same month the *Narod* of Mostar declared that the Austro-Hungarian occupation must incontinently cease; otherwise the ensuing revolution would destroy Austria as a bomb does a house. In other journals it was said that the occupation was

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to make our offer effectual in St. Petersburg, I needed the thoroughly honourable and always friendly co-operation of the Russian military Plenipotentiary, Count Kutusoff" (vol. ii., p. 113). *Cf. Times*, April, 3, 1909.

Prince Bismarck once said: "It is not the business of politics to take vengeance for what has been done, but to take precautions that it shall not be done again."

only provisional, that the Sultan was the true ruler, while the Emperor-King, Francis Joseph, was only the pacificator. The Sultan was called "our genuine Sovereign." The ordinances and decrees of the Austro-Hungarian Government for the two provinces were said to have no legal power, as Austria-Hungary only acts arbitrarily or illegally. Racial war was openly threatened. Nor were deeds wanting. In the autumn of 1907 Austrian territory was raided by the Servians, and bombs and rifles were collected on the Servian frontier. Some of the bombs were sent to Montenegro, where they were seized by the authorities; and attempts were also made to organize meetings in many places, and to draw up memorials disloyal to the Austro-Hungarian authorities, but the latter dealt with the movement, inflicting fines and other penalties. In all her foreign action at this time Austria-Hungary was insisting on the necessity that nothing should be done to infringe the sovereignty of the Sultan or change the *status quo* in the Balkans.<sup>1</sup>

Some sensation was therefore caused when, on January 27, 1908, the Foreign Minister, Baron Aehrenthal, made his annual statement to the Foreign Affairs Committee of the Hungarian Delegation, and referred not only to the situation in Macedonia, but also to the extension of Austro-Hungarian railway communications with Turkey and Greece. As far as Turkey was concerned, the negotiations proceeding as to Macedonia were based, he said, on "a control in no way affecting the suzerainty of the Sultan," and the Powers were determined to persist in the policy that had kept peace in the Balkans for the last five years. Then came the announcement that the Austro-Hungarian Ambassador at Constantinople had been commissioned to apply to the Sultan for permission to survey the ground for a railway through the sandjak of Novi Bazar, connecting the Bosnian system with the Turkish railway at Mitrovitza. The proposal, which was held in many quarters to portend an advance to Salonika, and a re-

<sup>1</sup> *Nineteenth Century*, November, 1908.

opening of many dangerous questions, was agreed to by the Sultan, and the survey of the line was commenced.

As the survey proceeded, it became plain that the railway which was to run from Uvatz to Priepolie, Sienitza, Novi Bazar, and Mitrovitza, would have to proceed through a mountainous country, intersected with deep rocky gorges, by a circuitous course of 150 kilometres, involving an enormous expense. The economic worth of the line would be insignificant, though its strategic value would be very great; while the line projected by the Servian and Montenegrin authorities through Servia and Albania, connecting the Danube with the Adriatic, would be strategically valueless, but promised greater economic advantages. It was first estimated that the Novi Bazar line would cost £800,000, if the narrow gauge was maintained, but, from what I heard on the spot, that estimate was likely to be exceeded, as the ground is of the same nature as the line between Serajevo and Uvatz, the cost of which we have seen was enormous. In his speech, Baron Aehrenthal had claimed the railway as part of Austria-Hungary's economic policy. To those who knew the ground the claim appeared at first sight illusory.

The year wore on. The sensation caused by the speech subsided, but it left a soreness between Austria and Russia, and provoked the Pan-Servians to fresh efforts. In April the *Otadzbina* of Banialuka published an article in which it was said as the upshot of the situation in the Balkans: "To our brethren we shall be brothers; to the Suabian [Austrian] we shall be enemies." In the summer came the Young Turkish movement, which naturally aroused an echo in the provinces, and in September the *Serbska Retch* of Serajevo claimed that Bosnia and the Herzegovina might be represented in the Turkish Parliament. In the same month Prince Ferdinand was received with royal honours at Buda-Pest, and preparations were made for the withdrawal of the women and children of the Austrian troops quartered in the sandjak of Novi Bazar. More and more definite

rumours began to be current of a change in the status of the provinces. At the same time riots broke out in the Slovene provinces of Austria, especially at Laibach, and the Serbo-Croat races seemed to be tingling with excitement outside the provinces.

The rural districts of Bosnia-Herzegovina remained unmoved, and apart from the newspapers there was very little sign of interest in the towns, as far as anyone travelling there at the time could judge. At the end of September and the commencement of October, a series of articles appeared in the "Pester Lloyd" from the pen of Dr. Baernreither, the well-known Austrian statesman, advocating a comprehensive plan of reform for the provinces coupled with annexation. Up to the last moment, however, official denials of any change were issued.

With one exception, the press in the dual monarchy appeared to be not unfavourable, but the Austrian social democratic organ, the *Arbeiter Zeitung*, on October 2, under the heading of "Playing with Fire," described the proposal as "unthinkable, impossible, irrational." "As long as the Foreign Office has not become a madhouse, it cannot be assumed that a leading Austro-Hungarian Minister is capable of conjuring up the gravest danger for the peace of the monarchy, and of awakening enmity and the unquenchable feeling of revenge for the sake of form and formality. . . . Whether provisional or definitive, our rule in Bosnia only means that we are in military occupation, and that none of our neighbours are strong enough to challenge it." On October 5 Bulgaria proclaimed her independence, and on October 7 the Emperor Francis Joseph announced in a rescript the annexation of the two provinces. The announcement had been previously made in autograph letters written by the Emperor to the heads of the other Great Powers. It was communicated on October 3 to the President of the French Republic, and he appears also to have been informed of the intended action of Bulgaria. In any case, as Mr.

Asquith said at Leven on October 7, "It is hardly possible to dissociate the two events."

It is certain that Great Britain was not informed of the proposed annexation, and that the rumours were to the last moment so categorically denied by Baron Aehrenthal and the Vienna Foreign Office as, in the words of the *Times* correspondent at Vienna, to arouse "great resentment" in the diplomatic corps, and "seriously to shake diplomatic confidence" in that department.<sup>1</sup> With regard to the other Powers, Baron Aehrenthal appears to have mentioned his intentions to M. Isvolsky, in conversation, at Buchlau in September, and to Signor Tittoni at Desio, but in such terms as to leave the impression that there was no immediate prospect of action. It is uncertain what knowledge the German Government had, but it seems probable that the matter was discussed between the Kaiser and the Archduke Franz Ferdinand during the German manœuvres in the summer.<sup>2</sup>

In England the announcement was received with an outburst of indignation, on grounds which may be summed up in the words of the *Times* leading article: "The Vienna Cabinet, it will be remembered, consistently opposed all effective proposals made by other Powers for the amelioration of the lot of the Sultan's

<sup>1</sup> *Times*, October 7, 1908.

<sup>2</sup> Baron Aehrenthal was hailed by his admirers as an Austrian Bismarck, a great *Realpolitiker*, or practical politician. The Bismarck school is now predominant in European diplomacy, and it is perhaps as well, therefore, to indicate its central point of view as expressed in two quotations from Bismarck's own words, for Englishmen are slow to grasp it:

"1. I have never looked upon international quarrels which can only be settled by a national war from the point of view of the Göttingen student code, or the honour which governs a private duel" ("Reflections," vol. ii., p. 290).

2. The Ems telegram was not only the immediate cause of the Franco-German War, but was the means by which Bismarck caused both German patriots and Europe at large to look upon France as a wanton disturber of the peace. Here is Bismarck's account of it: "In the meantime I invited Moltke and Roon to dine with me and talk over the situation, which seemed to me growing more and more unsatisfactory. Whilst we were dining another long telegram was brought in. As I read it to them—it must have been about 200 words—they were both actually terrified, and Moltke's whole being suddenly changed. He seemed to be quite old and infirm. It looked as if our Most Gracious [William I.] might knuckle under after all. I asked him

subjects, on the ground that they might endanger the peace of Europe, or infringe the sovereign rights of the Sultan, or violate the integrity of the Ottoman Empire. But now that the lot of all Turkish subjects has been improved almost out of all knowledge by the action of the Turkish reformers, the Vienna statesmen do not hesitate to infringe the sovereign rights of the Sultan, and to violate the integrity of that territory, and to induce Bulgaria to do the same." Further, this was done without the consent of the concert of Europe, and without notifying the signatory Powers of the Treaty of Berlin till the fact was accomplished. The annexation of Eastern Roumelia by Bulgaria in 1885 produced no such storm of indignation, but was well received in England, and in this, no doubt, British public opinion was to a certain extent inconsistent; but the circumstances were very different.

In Austria-Hungary the first general impression was undoubtedly that of pleasant surprise at the resumption by the Austrian Foreign Office of a prominent part in European politics. The socialist *Arbeiter Zeitung* alone deplored "the grievous wrong done to the young constitutional system in Turkey," and added: "It is difficult to perceive the practical necessity of an action by which we have aroused the unquenchable hatred of the Turks, and have permanently spoiled our moral position in the East"—a prophetic utterance only too well verified immediately afterwards by the boycott of Austrian goods and Austrian steamers in Turkish ports.

The annexation was announced on October 7 in a sheaf of documents. In the proclamation to the people

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[Moltke] if, as things were, we might hope to be victorious. On his replying in the affirmative, I said, 'Wait a minute,' and, seating myself at a small table, I boiled down the 200 words to about twenty, but without otherwise altering or adding anything. It was Abeken's telegram, yet something different, shorter, more determined, less dubious. I then handed it over to them, and asked, 'Well, how does that do now?' 'Yes,' they said, 'it will do in that form;' and Moltke immediately became quite young again. He had got his war—his trade. *And the thing really succeeded.* The French were fearfully angry at the condensed telegram as it appeared in the newspapers, and a couple of days later they declared war" (Busch, vol. i., p. 405).

of the two provinces, the Emperor, after a reference to the good order and security introduced by the Austro-Hungarian Government, proceeds: "We deem the moment to have come to give to both lands constitutional institutions that take account of the prevailing conditions and general interests, so as to create a legal basis for the representation of their needs and wishes. You shall henceforth have a voice when decisions are taken concerning the affairs of your home, which, as hitherto, will have a separate administration. But the indispensable premise for the introduction of this provincial constitution is the creation of a clear and unambiguous juridical position for the two lands. For this reason, and remembering the ties that existed of yore between our glorious ancestors on the Hungarian throne and these lands, we extend the rights of our suzerainty to Bosnia and the Herzegovina, and it is our will that the order of succession of our house be applied to these lands also. . . . Among the many cares that surround our throne, care for your material and spiritual welfare shall not be the last. The exalted idea of equal rights for all before the law, a share in the legislation and administration of provincial affairs, equal protection for all religious creeds, for languages and racial idiosyncrasies—all these high possessions shall you enjoy in full measure."

Other rescripts were addressed to the Austrian and Hungarian Premiers, to the Foreign Minister, Baron Aehrenthal, and to the joint Finance Minister, Baron Burian, who is head of the provinces. In the rescripts to the Premiers directions are given for the introduction of the necessary legislation into the two Parliaments. In the rescript to Baron Aehrenthal occurs the statement: "As a manifestation of the pacific intentions that have led me to this inevitable disposition, I ordain simultaneously the evacuation of the sandjak of Novi Bazar by the troops of my army stationed there." In the rescript to Baron Burian the Emperor states that "it is his object and firm will to assure civil rights in

full measure to the inhabitants of the two provinces. Besides individual and religious liberty, the security of property, honour, morals, and usages, freedom of the press and of domicile, guaranteed by the existing laws, freedom of movement, and secrecy of the post, already strictly protected, the jurisdiction of the competent Judges, the right of petition, association, and meeting, shall be expressly placed under legal protection." The monarch therefore ordains that "the need of the population for a due share in the settlement of provincial affairs shall be met by a provincial representation in a form corresponding to the religious conditions and to the ancient social stratification of the inhabitants. . . . Hence the principal dignitaries, the persons of education and fortune, the inhabitants of the towns and those of the rural communes, shall be represented in special *curiæ* or categories, the electors of each category voting separately according to creed, in order to protect religious concord and to assure to each creed its due proportion of representatives."

The competence of the Diet will include legislation and control of administration and juridical affairs concerning Bosnia-Herzegovina alone. District representative bodies will also be created. Finally, the Austrian Foreign Office issued a document in which it was asserted that the position hitherto existing was untenable, and that, in defining the situation more clearly, Austria-Hungary remains true to the mission conferred upon her by the Powers. The question will be settled by an intimation to the Porte. "It is a matter to be decided between Austria-Hungary and Turkey, not between the signatory Powers, whom we have informed of our step."

I have quoted these documents at somewhat greater length because the step of the annexation appears to open a new chapter in the history of the Near Eastern Question, the importance of which it is hardly possible to exaggerate from the point of view both of the foreign policy and the internal peace of the dual



monarchy. The reference to Hungarian history for the moment conciliated Hungarian opinion, and the debates in the delegations evoked no opposition from that quarter. There was some disappointment at there being no mention of the incorporation of the provinces in Hungary. There is a clause in the coronation oath, requiring that any of the old dominions of St. Stephen's Crown that may be reacquired in the reign of Francis Joseph shall be made part of the Magyar kingdom. A warning note proceeded from Dr. Kramarsch, the Young Czech leader, who later on stated that it was desirable to proceed with the good-will of Servia, and this warning was emphasized in December by anti-German pro-Servian riots in Prague.

The evacuation of the sandjak was represented by Baron Aehrenthal in one breath as compensation to the Turks and as a proof that Austria did not desire to advance any farther on the road to Salonika. To others it appeared a Machiavellian design for shutting up a number of Turkish troops, that might be wanted elsewhere, in a territory that was likely to become a bone of contention between Servia, Montenegro, and the Porte.

The immediate result of the annexation in the Balkans was a protest from Servia, the repudiation by Montenegro of her obligations under the Treaty of Berlin, and the proclamation by Crete of her union with Greece. The result in Europe was a feeling, perhaps most strongly felt in Great Britain, that no State can in the future put any trust in treaties and conventions, but can only rely on its own land and sea forces coupled with those of its allies. The replies to the Emperor's autograph letters did not come in with any great celerity. The Emperor of Russia and the King of Italy had not sent any answer as late as the first week in December. There was a very general feeling of regret that the latter days of the Emperor's reign should have been marred by something like a piece of sharp practice, and that he should have allowed such a use to be made

of the prestige and respect he enjoys in every civilized country, and above all in Great Britain. In earlier days, when his crown was in jeopardy, he said to the Emperor Nicholas, "Plutôt périr qu'agir contre mon honneur."<sup>1</sup> It was felt that his whole life had been animated by this motto, and that he must have been strangely misled before he agreed to the course which was now taken.<sup>2</sup>

<sup>1</sup> "Hohenlohe Memoirs," vol. i., p. 359. Baron Aehrenthal is reported to have said at different times during the autumn: "I am not a tiptoe diplomatist, but I am not a Hotspur," and, "I am not a Machiavelli." But he has not disclaimed the cloak of Prince Bismarck, which his admirers assert has descended upon his shoulders. The situation at the Alexandrovo meeting referred to above is not, as it might appear, a parallel to the situation in 1908. While it was in progress Bismarck was negotiating with Austria a defensive alliance against Russia, to which William I. gave his assent. Bismarck writes: "To conclude a treaty, which though merely defensive in form, yet contemplated the possibility of war, and thus evinced suspicion of a friend and nephew from whom he had only just parted at Alexandrovo amid mutual tears and heart-felt pledges of the continuance of the cordial relations of the past, ran too directly counter to the chivalrous feelings with which the Emperor [William I.] regarded a friend and equal. . . . The Emperor was not convinced by the argument of policy, but gave the promise to ratify the treaty only because he was averse to Ministerial changes" ("Reflections and Reminiscences," vol. ii., p. 266).

At the time Germany and Russia were not only on friendly terms, but were actually allies under a convention signed at St. Petersburg in 1873 by Field-Marshal Moltke and Bariatinsky, and ratified by the Emperors Alexander II. and William I. (Busch, vol. iii., p. 265).

The position, therefore, of Emperor Francis Joseph I. in 1908 was by no means so painful as that of Emperor William I. in 1879, whatever may have passed at his meeting with King Edward VII., and whatever the negotiations of Baron Aehrenthal with other foreign Ministers.

<sup>2</sup> The pledge of self-government to Bosnia is, according to Baron Bienerth, to be redeemed in the following manner:

"The Diet will consist of ecclesiastical members and seventy-two elected Deputies, one Deputy representing an average of 25,000 electors—the ratio observed in the Diets of Lower Austria and Bohemia. The franchise will be universal and direct, but the electorate will be divided into three categories. To the first will belong the largest taxpayers, all persons possessing academical diplomas, and the members of the chambers of commerce, while the second and third categories will be composed of the urban and the country electors respectively. In all categories seats will be distributed according to the numerical strength of the various creeds, and the electors of each creed will vote separately. The president of the Diet will be appointed by the Crown, and be selected from each creed in turn. The competence of the Diet will extend to all matters that concern Bosnia and Herzegovina alone, and will include legislative control of the Budget and of the Administration. The Diet will thus be able to control civil and penal legislation, and the organization of the administration of justice and of education. Simultaneously with the Diet district councils will be instituted" (*Times*, January 29, 1909).

## CHAPTER XV

### THE BALKANS

1. THE INHABITANTS AND THEIR RELIGIONS.
2. HISTORY OF THE TURKS IN THE BALKANS.
3. THE HISTORY AND PRESENT POSITION OF THE OTHER RACES: (i.) Slovenes; (ii.) Serbs; (iii.) Montenegrins; (iv.) Bulgarians; (v.) Roumanians; (vi.) Albanians; (vii.) Greeks; (viii.) Vlachs.
4. THE POWERS AND EUROPEAN TURKEY.
5. THE MOVEMENT OF THE YOUNG TURKS.
6. THE EUROPEAN OUTLOOK.

#### 1. THE INHABITANTS AND THEIR RELIGION.

IN the Balkans there is neither unity of race nor religion. Slavs, Bulgarians, Greeks, Albanians, Roumanians, Hungarians, and others, live side by side in fear and hatred of each other.<sup>1</sup>

Nationality is not immutable in South-Eastern Europe, but changes often with conviction. "In a sense," writes Sir Charles Eliot, "a race is merely a political party, but it may perhaps be better defined as a body of people with a common language and customs, and generally with a common religion."

Widely speaking, the religious classification in the Balkans is Christian and Mohammedan, but the Christians are split up into various parties, each following its own propaganda — Bulgarian or Servian, Roumanian or Greek.

The Church of the greater part of the peninsula is the Orthodox Church; but this implied unity is fictitious, since that body is but a loose federation consisting of thirteen separate and independent Churches, while

<sup>1</sup> Lyde, "The Balkan Peninsula," p. 166.

almost every Balkan State adheres to a different one. Thus, there is the Church of the Kingdom of Greece, the Roumanian Church, the Servian, the Montenegrin, the Bulgarian. Although the Churches are separate, they differ in no respect as regards doctrine or ritual, but the principle on which the Bulgarian Church was established in 1872 was different from that which underlies the Greek, Roumanian, and Servian Churches. The schism of the Church has always been on political, not on religious grounds, and heresy is non-existent. This latter fact is explained by the lack of intelligent interest in religion, which obtains in spite of all the peasants' profound piety. Christianity among the Balkan peoples is merely a mental uniform in which one party has marched in a long and doubtful defensive warfare. The mission of the Church has been patriotic rather than spiritual; the battle of the Churches a racial conflict, assuming an ecclesiastical colour only because of the curious theocratic conditions that prevail in Turkey.

An interesting example of the political Church is the Catholic Uniate Body, which played a part in Napoleon III.'s efforts to consolidate French influence in the Near East. This Church is, as we have seen, practically identical with the Orthodox Church in ritual, constitution, and dogma; only as the Bulgarian Church acknowledges its own Primate, so the Uniate recognizes the Pope. These nominal Catholics are, in Brailsford's view, a triumphant evidence of the hold which Orthodoxy has on the East.<sup>1</sup>

## 2. HISTORY OF THE TURKS IN THE BALKANS.

In the Middle Ages, first Bulgaria, under its Tsars Simeon (893-927) and Ivan Asen II. (1218-1241), and then Servia, under Dushan (1331-1355), gained a temporary ascendancy in the Balkans, and ruled over the greater part of the peninsula; but in the fourteenth century feuds and a feeble ruler gave the Turk his opportunity.

<sup>1</sup> Eliot, "Turkey in Europe," p. 259; Brailsford, "Macedonia," pp. 62, 66, 71, 73; Villari, "The Balkan Question," p. 122.





The danger which Dushan had foreseen became a reality. The Battle of Kossovo in 1389 practically annihilated the Servian power, and from that date Turkish conquest was merely a question of time.

After the fall of Constantinople in 1453, the Turks overwhelmed some of the richest countries in Europe. Not only did they conquer the Byzantine Empire and the Slavonic peoples of the Balkans, but they spread through Hungary and South Russia, reaching in the seventeenth century to the very gates of Vienna.

From the middle of the fifteenth century the entire Servian nation, with the exception of a handful of Montenegrin mountaineers, was subject to the tyranny of the Turk. The people transformed into rayahs, the conquered infidels were at the mercy of the Turkish landlords, Turkish officials, and Turkish warriors. The Bulgarian nation, on the other hand, was practically obliterated by four centuries of the same tyranny; no other Christian race suffered more, for Bulgaria was the highway to Austria and Russia, and through it the Turkish army swept like a blight during the continual wars with these two Powers.

After the establishment of the Turkish domination all national life in the Balkans was confined to one phase—the ecclesiastical. The Church became the one form of association and combination which was not treasonable; its Bishops were the sole Christian aristocracy in Turkey, the Church synods and local councils the only form of representative self-government which the law allowed.<sup>1</sup>

At first the Church was raised to greater power than it ever enjoyed before, owing to the Turks' apprehension of a Christian alliance and their fear of the power of Rome. The Greek Church was placed under a Patriarch, who was the head both of the Church and the tributary community. The Patriarch was the representative of the Greek nation and the recognized intermediary between the Greeks and the Ottoman Govern-

<sup>1</sup> Villari, pp. 49-50; Brailsford, p. 62; Mijatovich, "Servia," pp. 6, 7.

ment, a chief empowered to settle all disputes and other business arising between Christians, provided no Moslem was concerned.

Unfortunately for the Balkans, the Turks learned very quickly that the Pope was not the terrible potentate they had feared, and that there was therefore no need to conciliate the Church of Constantinople. The tribune of the people turned into a shift and timid representative of official religion, serving two masters with an anxious neck. The patriarchal chair was openly sold; the Christian Church became corrupt, and even aided the Moslem ruler to oppress the Christian people.

In 1683 the Turks sustained their great defeat before the walls of Vienna; from that date the tide of Ottoman power began to ebb, and European Turkey entered upon a new phase. As their military power declined, the Turks felt the need of diplomacy, and the Phanariots, or inhabitants of that part of the capital called Phanar, on the Golden Horn—in other words, the Greek aristocrats—were used as interpreters and go-betweens. By the middle of the eighteenth century Christian Turkey was in the hands of the Greeks, whose object was to Hellenize the Christian races of the Ottoman Empire. This meant that these unfortunate peoples had to submit to a double yoke, Turkish and Greek. The Phanariot administration was bad, for the Phanariots were both tyrannical and venal; yet they unconsciously conferred a benefit on the races they were oppressing by diffusing culture, and thus arousing first national genius and then national rivalry.<sup>1</sup>

The nineteenth century was signalized by revolt. That certain unity and power of common action which the Church, despite all its faults, had kept alive was strengthened by the growth of national consciousness and the inspiration of the literary movement which heralded each national movement. In the Balkans the schoolmaster has gone hand in hand with the insurgent

<sup>1</sup> Eliot, pp. 242, 243, 245, 247; Brailsford, p. 65.



chief, and the same individual has often combined the two functions. A further factor in Balkan history at the end of the eighteenth and the beginning of the nineteenth century was the intervention of the Powers of Europe. However early the "historic mission" of Russia was conceived, it became an active policy in the reign of Catherine II., and Russian agents were employed to kindle revolt against the Turks amongst the Greeks. In 1774, on the conclusion of the Russo-Turkish War, a new principle was admitted into the relation of Turkey with Europe by the Treaty of Kainardji. Russia set up a protectorate over the Christian subjects of the Sultan by laying down that the Russian Ambassador at Constantinople might interfere in the interest of the rayahs. Owing to these various causes the contraction of the Turkish dominion set in rapidly in the nineteenth century. From 1804 to 1817 Servia struggled for her freedom, which was partially secured at the latter date. The fight was prolonged because Servia, acting on Russian advice, refused a very favourable offer from the Sultan, only to be left to her fate by Russia in 1812.

Greece, after a long and memorable struggle, signalized in 1827 by the intervention of England, France, and Russia, and the Battle of Navarino, obtained complete emancipation in 1829 by the Treaty of Adrianople. Under the same agreement Russia secured for Moldo-Wallachia, now Roumania, a position of semi-independence.<sup>1</sup>

Broken by centuries of ill-usage, Bulgaria was later than the other Balkan States in rising against the Turks; but in the thirties a national revival had begun, and after a long fight the Powers again intervened on behalf of a down-trodden Balkan race. In 1870, thanks to the pressure of Russia, England, and France, the Sultan issued a firman establishing a Bulgarian Church under an Exarch resident at Constantinople. This firman, which was confirmed in 1872, practically recognized the

<sup>1</sup> Mijatovich, p. 15; Eliot, pp. 250, 278, 280, 281; Villari, p. 48.

Bulgarian nation. In 1876 the Bulgarian insurrection broke out, and the brutalities with which it was crushed aroused universal indignation and led to the intervention of the Powers. Finally, in 1878, Bulgaria was given her virtual freedom by Europe in concert. The practical emancipation of these States was followed by a more complete liberty in the course of the century, and Turkey in Europe dwindled to an area barely equal to half that of England, with a total population about as large as that of London and its suburbs.<sup>1</sup>

Until the wonderful revolution of July, 1908, Turkey remained under Abdul Hamid what she had been in the fifteenth century, a theocratic power with a military basis. Non-political crime passed unnoticed, and the administration only kept order as far as its ascendancy was involved. As for the police, each village hired its own watchmen, while education was the concern of the Church. Turkish rule was only made to be felt by the force of arms, and in the spring of 1908, throughout Macedonia and Old Servia, the Turkish authorities were still only maintaining their position partly by force, and partly by fomenting dissensions among the various races and creeds. The Turks had never lost their tradition of conquest, and still remained at heart a predatory and nomadic tribe. In the nineteenth century the superficial and insincere aping of Western peoples brought no real advance. The telegraph substituted for the nearly independent Pashas of olden days a race of petty officials, destitute of authority and without local influence, whose function it became to sit at one end of the telegraph-wire and receive minute instructions. But the Greek and Servian bands continued to scourge the country, and the life of the village remained a round of trivial malice, petty robbery, and vulgar lust. The little village tragedies continued: "the stolen sheepskin coat, the hamstrung ox, the shady tree cut down, the watercourse diverted, the wife insulted . . . while the husband is in the field."

<sup>1</sup> *Morning Post*, October 6, 1908; Villari, p. 54; Lyde, p. 169.

Although Abdul Hamid began his reign in 1876 by proclaiming a constitution which conferred every sort of liberty on the people, and by appointing a reformer as Grand Vizier, it was only as a policy of expediency, in face of war with Servia and Montenegro, and in view of the difficulties arising from the interference of Europe in the Balkan lands under Turkish rule. In February, 1878, Parliament was dissolved, the constitution was suspended, and suspended it remained for thirty years.

The Treaty of Berlin (1878), the basis of the collective responsibility of the Powers in regard to Macedonia, merely afforded an illusory protection. There was no greater security for life and property under Abdul Hamid than in former days, and, indeed, in recent years the chronic insecurity has been intensified. The administration has continued to be characterized by feebleness and by corruption. The catalogue of murders and outrages since 1903 is a monstrous record for any human society. The people have continued to suffer from murder, rape, illegal taxation, and inability to obtain redress. The criminal courts have been described as mere departments of the executive, justice has been delayed, bribery has prevailed, while as late as the spring of 1908 the prisons were the scenes of all the horrors which brutality and neglect can bring about.<sup>1</sup>

The state of affairs was so desperate in 1907 that Mr. Brailsford declared all hope of any reformation from within to be entirely visionary; while Sir Charles Eliot wrote that he saw little hope of general reform and reconstruction, so strongly did the Hamidian system appear to be buttressed up by the vested interest of the tax farmer, the official, and the military officer.

One apologist for Turkish rule, General von der Goltz, for twelve years military instructor in Turkey, explained in March, 1908, that "the real root of evil has been the excited national ambition of the various Christian peoples striving with each other for supremacy,

<sup>1</sup> Brailsford, pp. 40, 57; *Times*, July 25, 1908; Stevenson, "The Macedonian Question," p. 8; Eliot, p. 430.

each one believing that it has every prospect of success." Yet it was the policy of Turkey to foment discord among the Christian peoples under her sway, and it is due to her negative idea of the duties of a State that no commonwealth has grown up to cement the warring races in a care for their common country. Further, on Baron von der Goltz's own showing, it is the lack of a strong, vigorous power which has admitted of all the disorder.

With all its shortcomings, the Church has up till now been the one solace, the one ideal element, in the life of the Balkan peasant. If the Bishop appears in the eyes of authority only in the light of a convenient scapegoat or a subservient official, he is an overwhelmingly important person to the Macedonian toiler, the sole mediator with the Turk, a person of fabulous wealth according to peasant standards, and the controller of Church and school. If the Church has failed to use its opportunities to infuse energy and spread light, if it has grown lax and its clergy degraded, yet it has not alienated the people, and remains what it has always been—the passion of the Balkan peasant, his one link with the past, the sole care that goes beyond food and raiment, strong enough to outweigh all the allurements of freedom and of ease.<sup>1</sup>

### 3. THE BALKAN PEOPLES.

Excluding the Albanians, the population of Eastern Europe south of the Danube and Drave, and north of the latitude of Salonika, is mainly Slavonic. The Bulgarians must be included under this title, for although not originally Slav, they have been completely Slavized, and all the ties arising from language, religion, and politics, connect them with the Slavs, and not with Europe, or even Hungary.<sup>2</sup>

Gaj, one of the Slav poets of the nineteenth century,

<sup>1</sup> Brailsford, pp. 27, 28; Eliot, p. 439; *Morning Post*, March 22, 1908.

<sup>2</sup> Eliot, pp. 311, 312.

compared Southern Slavia, or the region inhabited by the Southern Slavs, to a triangular lyre, of which the points are Scutari, Villach, and Varna. The tumult of the winds has destroyed the unison of the lyre; Styria, Carinthia, Carniola, Croatia, Slavonia, Montenegro, Herzegovina, Servia, Bulgaria, and Southern Hungary, are the broken strings which must be stretched afresh, so that "the instrument may again give forth melody."

Although the history of the last fifty years in South-Eastern Europe has been to a great extent that of the disentanglement of the Slavonic races from one another; although Serb, Croat, and Bulgar, have had their quarrels, and developed on particular lines, yet the bond created by the growth of national consciousness, by the literary renaissance, and by the possession of a common literature, has resulted in a sentiment of Balkan solidarity which takes refuge in the "anonymous nation" conception. Question a peasant in whatever part of the Slav Balkans, and see the sense which he attaches to the word "national." He understands primarily his country, or the political formation of which he is a member; but he has, according to Loiseau, a certain beyond (*au-delà*) which you feel is susceptible of extension over the whole race, and which is more definite according to his degree of culture. This nation (*Narod*) embraces not only the Balkans but the brothers in Austria, too. For Niksa Marko Gradi, the writer who died at Ragusa in 1894, the Dalmatians were but an element of that nation which is composed of the Serbs, the Croats, the Bulgarians, and the Slovenes, who live scattered in the small Balkan States and in the Empire of Francis Joseph.<sup>1</sup>

The elements of the nation meet at present on literary rather than on political grounds, but songs and speeches, toasts and journalistic articles, give expression to their fraternal aspirations. Moreover, southern Austria, Hungary, and the Balkans, are allied by a common tongue, since the Serbo-Croat idiom embraces not only Croatia-

<sup>1</sup> Loiseau, "Le Balkan Slav," pp. 66-72, 116; Villari, p. 47.

Slavonia, but also Dalmatia, Bosnia, the Herzegovina, Montenegro, and Serbia. If it was the action of the Powers in 1878 which confirmed the direction of Austrian ambition towards the south-east, there were forces within the Empire which have played, and will play, their part in its realization.<sup>1</sup>

The Slovenes who inhabit the coast of the Adriatic in Istria, Carniola, Carinthia, and Southern Styria, formerly in scattered groups of little importance in the dual monarchy, have gained in strength and consideration with the growth of Slav solidarity. They are recognized as one of the four peoples (the Croats, Serbs, Bulgarians, and Slovenes) who comprise South Slavia, and are expected to play a considerable part if ever a Federal Austria is realized, though at present they are an agricultural people of no great apparent intellectual promise. The Slovene riots at Laibach in the early autumn of 1908 were directed against the Germans, but they form a part of the South Slav agitation which has been going on for the last two years within the monarchy, with its headquarters at Agram. It has been well said that, in any decisive struggle with the Magyars for the reconstitution of the Empire on a dual basis, Croatia will hold the key. Lying just north of Bosnia, and stretching nearly from Trieste to Belgrade, with a population racially identical with that of Serbia, Croatia is like a long arm threatening, as in 1848, to strike the Magyars in the back.<sup>2</sup> Of the strength of the organization little is known, but it is certain that there are a large number of Croats in prison at Agram who were for months awaiting their trial for treasonable agitation. It is the strength of this agitation that convinced the Hungarian Government of the necessity of the annexation of Bosnia and the Herzegovina. These provinces, the Magyars hope, will be now restored to the Crown of St. Stephen, and thus place it in their

<sup>1</sup> Loiseau, "Le Balkan Slav," p. 85; Leger, "La Save, le Danube et le Balkan," pp. 26-28.

<sup>2</sup> *Fortnightly*, November, 1908.

power to deal with the movement in their own fashion. This is one of the acute internal problems of the monarchy in the near future.

A Croat deputy in the Austrian Delegation has secured the consent of his Slovene, Czech, and Polish colleagues to a motion that the annexed provinces shall be joined, not to Hungary, but to Croatia and Dalmatia, in order to restore the old triune kingdom of the South Slavs.<sup>1</sup>

Speaking in the Hungarian Parliament on December 14, 1908, the Hungarian Premier, Dr. Wekerle, deprecated premature discussion of the annexation, but observed that it was justified, apart from the Berlin Treaty, by the historic rights of the Hungarian Crown. On the other hand, in the debate on the annexation in the Austrian Lower House on December 16, Prince Alois Liechtenstein, the leader of the Christian socialists, delivered a polemic against the claim that the Hungarian Crown had special rights to the provinces, and declared that they should not belong to either half of the monarchy, but must be given autonomy under the Hapsburg sceptre, together with Croatia-Slavonia and Dalmatia, as a banate of Southern Hungary.<sup>2</sup>

The Serb race, which inhabits Bosnia, Herzegovina, Montenegro, and the North-West of Macedonia, played a great part, as we have seen, in the early Middle Ages in the Balkans; but Dushan's empire was short-lived, and the whole nation, with the exception of the handful of Montenegrin mountaineers, sank under the Turkish yoke. All through the four centuries of oppression revolt never ceased; the Haydooks, or insurrectionary bands of armed Servians, ranged through the woods and mountains, avenging special misdeeds of the Turks.

<sup>1</sup> *Fortnightly*, November, 1908.

<sup>2</sup> *Times*, December 15 and 17, 1908. On January 28, Baron Bienerth, the Austrian Premier, declared that Austria's right to participate in the settlement of the future position of Bosnia and the Herzegovina as regarding the monarchy was firmly established by the existing laws. The historical rights of the Hungarian Crown to the sole possession of the provinces are devoid of practical significance. Several years will pass before the negotiations between Austria and Hungary as to the ultimate ownership of the provinces can be concluded (*Times*, January 29, 1909).

In the early part of the nineteenth century the triangle of land now known as Servia won back its freedom. Revolt was first organized under a peasant leader, Kara George, but when he went into exile in 1813, Milosh Obrenovich, the only chieftain who had not left the country with Kara George, took up the national cause, and after a short war secured practical autonomy for his people in 1816. In 1817 Milosh was proclaimed Prince of Servia.

Throughout the nineteenth century Servia had a chequered history, at one time enlisting European interest on her behalf, at another exciting European disgust by the sordid intrigues and bloody political changes, chiefly connected with the contending dynasties of Kara George and Michael Obrenovich. Eventually, at the Berlin Conference, the Servian State—that is, the territory bounded by the Danube, the Drina, the Save, and the Timok—was declared independent, and in 1882 the principality became a kingdom. The history of the new kingdom was not more tranquil or less squalid than that of the principality, and in 1903 civilized Europe was shocked by the brutal assassination, on June 11, of King Alexander Obrenovich and his Queen, under circumstances of a revolting character, by officers of the garrison of Belgrade, who have practically been left unpunished for their crime. Peter Karageorgevich obtained the vacant throne, but it was some time before his accession was recognized by all the Powers.

In spite, however, of political turmoil, the country has benefited by her independence, and presents a striking contrast to the neighbouring provinces still under Turkish rule. While Servia earns the contempt of the civilized world as a State, the Servian peasant sows in hope and reaps in peace.<sup>1</sup>

Servian conditions present almost insuperable difficulties in the way of wide commercial or military development. The country is blocked politically and economically

<sup>1</sup> Mijatovich, pp. 1-21 ; Brailsford, pp. 57, 58 ; *Times*, September 14, 1908.



by Austria-Hungary, whose fixed policy since 1878 has been to prevent her natural expansion to the sea. Not only does Serbia suffer from lack of direct access to the coast, but she has not even railway communication with the Adriatic, though various projects have been mooted, and Baron Aehrenthal has declared that he has no objection to their realization. The principal export, as we have seen above, is that of pigs. Calchas relates in the *Fortnightly Review* that when Baron Aehrenthal took office a pig war still raged, and that within a few weeks of his accession a commercial treaty was signed between Bulgaria and Serbia—a proceeding most unwelcome in Vienna. Further, the Servian Government had ordered forty-seven field batteries of artillery, not from the Krupp works in Germany or the Skoda establishment in Austria, but from the Creusot works in France. A loan of three-quarters of a million sterling was placed in Paris, and a Bordeaux syndicate had arranged to open slaughter-houses in Belgrade, and to send down the Danube a considerable part of the exports to which the Austrian frontier was closed.

Baron Aehrenthal soon succeeded in breaking up the Servian understanding with Bulgaria, and within a short time Servian and Bulgarian bands were again attacking one another in Macedonia. Separated from Bulgaria, Serbia could not long hold out, and in March, 1908, the new commercial treaty "between the lion and the jackal was signed."<sup>1</sup> That treaty has not yet (December, 1908) been finally ratified either by the Servian or by the Austrian and Hungarian Parliaments. It only passed the Austrian Lower House on December 19, thanks to the vigorous action and party discipline of the social democrats, thanks also to the courage shown by the new Premier, Baron Bienert, in risking a division against the agrarians. On December 31 the *modus vivendi* was extended, and the renewal of the pig war is consequently deferred.<sup>2</sup>

The area of the kingdom amounts to 18,650 square

<sup>1</sup> *Fortnightly Review*, November, 1908.

<sup>2</sup> *Times*, December 31, 1908.

miles, about half of that of Bulgaria; and the total population was estimated in 1904 at 2,679,989, of which 90 per cent. are Servian.

Imports in the five years 1901–1905 rose from 44,035,428 to 55,601,644 dinars (25 dinars = £1; that is, a dinar = a franc); exports rose in the same period from 65,085,653 dinars in 1901 to 71,996,276 in 1905.

The country is not one to tempt invasion: the frontier is almost everywhere rough and mountainous. Three-quarters of the soil is uncultivated, and conditions are singularly favourable to guerilla warfare. The land is fertile, the pastures are rich, and there is a wealth of unexploited timber and minerals, but the people appear to be indolent, though they are not without their panegyrists.<sup>1</sup>

In Servia military service is compulsory and universal. Liability to serve holds from eighteen to fifty years of age, but recruits join at twenty-one, and complete their military service at forty-three or forty-four. The peace strength of the Servian army, according to the Budget of 1907, amounts to 35,605 officers and men, including non-combatants and 1,838 gendarmes. The military expenditure is between £800,000 and £900,000 per annum, but officers and men are rarely paid up to date. The Servian climate is very variable, and an army operating in Servia would have to be prepared for extremes of temperature. According to the *Times* correspondent (September, 1908), the Servian army suffers from want of *morale*. The officers are pessimistic about the future. The shadow of Austrian intervention is always hanging over them, and their prestige received a serious blow at Slivnitsa in 1885, when Servia, having imprudently declared war on Bulgaria, was defeated. That prestige was further undermined when the murderers of the late King and Queen, who were officers of the Belgrade garrison, were allowed to go practically scot-free. It is only fair to add that Captain Norman takes a far more favourable view of the Servian army

<sup>1</sup> "Statesman's Year-Book," 1908, pp. 159, 1483, 1489; Lyde, p. 89.

than that generally held, and he has seen a great deal both of officers and men.

The policy of Serbia, whether military, economic, or political, aims at preserving the Servian nation, of which the Serb inhabitants of Serbia are but a fragment. Servians further hold it is their duty to devote themselves to the realization of the "Slavonic ideal," the definition of which they refuse to give. In pursuit of this policy, Serbia interests herself in the Serb population in Macedonia, but the Servian movement is eclipsed in European Turkey by that of Bulgaria. Further, there seems little doubt that the Servian Government has for the last two years been fermenting the Pan-Serb propaganda in Bosnia-Herzegovina and Austria-Hungary, and, if we are to believe the revelations of Nastitsch, bombs to be used in this movement were fabricated in the Servian arsenal at Kragujewatz.

The events of the summer of 1908 profoundly altered the state of Macedonia, and the Servian bands seem to have suspended their operations. In the autumn the annexation of Bosnia-Herzegovina by Austria-Hungary, and the declaration of Bulgarian independence, produced a ferment of agitation in the little State, which demanded compensation. This compensation was later explained by the Servian Foreign Minister to be a strip of territory of only 20 kilometres in breadth, bounded by Novi Bazar on one side and Bosnia and the Herzegovina on the other, to form a buffer between Austria and Turkey, and unite the Servian with their Montenegrin brethren, thus giving Serbia access to the sea.<sup>1</sup>

Servian demands also include either the restoration of the *status quo* by Austria to the annexed provinces, or the grant of autonomy to them. These demands were supported by Montenegro, and are quite intelligible, because without Bosnia-Herzegovina, which lies in the centre of the Serbo-Croat lands, there can be no "Greater Serbia." With these provinces permanently under

<sup>1</sup> *Nineteenth Century*, November, 1908. "Observer in the Near East," p. 144; Brailsford, p. 105; *Times*, October 24, 1908.

Austria, the sceptre of the Serb race will certainly depart from Belgrade.

The war fever has run now high, now low, in the Servian State; money has been voted, and warlike stores have been obtained, though some of these were stopped on their way in Austria-Hungary. The Crown Prince has distinguished himself by perfervid, patriotic, and warlike utterances, and has by his journey to St. Petersburg roused the Pan-Slavist ardour in Russia. But the Russian Government has remained firm in its pacific policy, and so far has succeeded, backed by the representations of the other Powers, in preventing any warlike outburst on the part of Serbia, though bellicose messages have been interchanged by that country with Montenegro.<sup>1</sup>

The population of Montenegro, like that of Serbia, is devoted to the Slav ideal, and the union of the Serb race is never absent from the minds of both peoples. The geography of the "land of the Black Mountain" has always prevented any effective conquest by the Turks. The whole country is a huge natural fortress in which a small army is defeated and a large one starves.

After the fall of Serbia, Bosnia, and the Herzegovina, Montenegro became the refuge of many of the Slav nobility, and to-day the patrician character of the people is remarkable. The Montenegrins are all chiefs and princes, and have that air of well-built, well-mannered aristocracy which is so rare in the plains. From 1389 to 1516 the country was ruled by a dynasty known as the Black Princes, but after that date the Government was administered by a Vladika, or Prince Bishop. The Vladika was raised by his office, to some extent, above political jealousies, and protected by his celibacy from family feuds. After 1696 the office, which had been elective, became hereditary in the family of Petrovich, nephew succeeding uncle. In 1851 Danilo II. assumed power as a civil ruler, nine years later he was

<sup>1</sup> *Times*, October 27, 1908, January 4, 1909; *Daily Telegraph*, October 7, 1908; Miller, p. 51.

assassinated, and the present popular Prince Nicholas succeeded him.

In 1878 the independence of Montenegro was recognized by the Treaty of Berlin, under which the principality received Antivari and a strip of coast-line; but by Article 29 of that treaty Austria-Hungary was given control of the entrances and exits to Montenegrin territory. By the same authority Austria imposed her own maritime and sanitary legislation upon Montenegro, and exacted the destruction of all Montenegrin fortifications on the seaboard or near it. Further, Montenegro is not allowed to have ships of war. Austria till recently held Montenegro as in a vice, surrounding the principality on three sides with her territory, and on the fourth by her influence—a fact which Montenegrins never mention and never forget. Since the evacuation of Novi Bazar, however, Montenegro is separated by the Turk from her kindred State.<sup>1</sup>

The Montenegrins are a warlike population of about 230,000 souls, spread over an area of 3,630 English square miles. The Montenegrin military system is that of a tribal or patriarchal militia, to which each household contributes a man. There is no cavalry. The total fighting strength is between 50,000 and 60,000 men, but it is not likely that more than 30,000 would be put into the field. Agriculture is primitive and commerce unimportant. Montenegrin exports for 1906 have been valued at £81,000, and the imports at £240,000.<sup>2</sup>

All the men are armed in Montenegro, down to the telegraph messengers; indeed, it is illegal for a man to go unarmed. The blood feud is constant and life cheap. In no country is patriotism and loyalty stronger. The military force is well trained, nor do the people lack opportunities for learning practical warfare, since there is chronic disturbance with the Albanians on the frontier.

<sup>1</sup> Eliot, p. 347; "Observer in the Near East," pp. 21-24; *Times*, October 9, 1908.

<sup>2</sup> "Statesman's Year-Book," pp. 125-153.

The Prince has always cast longing eyes on Bosnia and the Herzegovina, and has exercised an anti-Austrian influence, especially in the latter province. It was only natural that he was in sympathy with Serbia on the question of the annexation, though it should not be forgotten that, owing to Servian intrigue and Servian conspiracies in Montenegro, the relations between the two small countries have recently been very strained. He declared that by the annexation a grave wrong had been done to his country, and, should peaceful endeavours not set it right, Montenegrins would sacrifice their last drop of blood in the cause. Further, Prince Peter of Montenegro, a youth of nineteen, sent a message to the Crown Prince of Serbia, in which he spoke of his hope of meeting on the "crimson field." On October 7, by a princely proclamation, Montenegro declared her emancipation. After expressing the national sorrow at the action of Austria, the proclamation continued: "In view of such gross violations of the Treaty of Berlin, all provisions of that treaty, especially Article 29, which restricts the freedom of action of the principality, are no longer binding on Montenegro." Pressure was exerted on the principality, as well as on Serbia, by the Great Powers in October and November, in favour of peace. Early in December the Montenegrin Government addressed a note to the representatives at Cettigné of the Great Powers signatory of the Treaty of Berlin, with a memorandum attached to it. The note stated that the Montenegrin Government had decided to place before the Powers its reasons for claiming from Austria-Hungary the cession of Spizza, but makes plain that the cession of Spizza, though the most important, is not the only compensation which the Government claims. After stating that every step has been taken to prevent the national indignation of the people from manifesting itself in acts of violence against Austria-Hungary, the memorandum argues that Article 26 of the Treaty of Berlin constituted Montenegro an independent State; but Article 29, by imposing onerous restrictions on the port of Antivari,

rendered this independence in many respects illusory, and the occupation of Spizza as a port of observation by Austria-Hungary completed the measures by which Montenegro was robbed of all the advantages which she was supposed to enjoy as a State possessing an outlet to the sea.

The memorandum proceeds: "Now the Imperial and Royal Government has the intention, as everything seems to suggest, of divesting itself of the rights which it holds under Article 29 of the Treaty of Berlin, and if the signatory Powers are going to agree upon this point, the possession of Spizza ceases to have any value for Austria-Hungary." The memorandum concludes by attempting to show that the abrogation of Article 29 will not confer a real benefit upon Montenegro unless Austria-Hungary agrees to the cession of Spizza.

As far as her old enemy, Turkey, is concerned, the month of December, 1908, saw the conclusion of the negotiations as to the Albanian frontier. On December 8 a protocol was signed embodying the settlement, subject to the ratification of the Parliaments of both countries. The agreement involves the cession by each country to the other of a small strip of territory. There is no fear of this agreement not being passed by the Montenegrin Parliament, for Prince Nicholas, though he granted his country in December, 1905, a liberal constitution, is still practically an autocrat.<sup>1</sup>

On December 13, 1908, Montenegro applied its maximum tariff to countries with which it had no commercial treaty, a regulation which particularly affected Austria-Hungary, from which country the larger part of the imports of the principality come. At the same time the Montenegrin Government established a commercial agency in London to give British products the benefits of the minimum tariff, in accordance with the existing commercial treaty, and at a meeting of the principal

<sup>1</sup> *Times*, December 9, 1908; October 13, 1908; December 4, 1908; October 20, 1907.

merchants at Cettigné on December 20, it was unanimously decided to boycott all Austrian goods.<sup>1</sup>

A hundred years ago the existence of the Bulgarian race had been almost forgotten by Europe. It seemed that the Turkish domination had all but crushed the national spirit, and that the national consciousness was extinct. However, by the middle of the nineteenth century the educational movement had taken firm hold. The first Bulgarian school was founded in 1835 at Gabrova, and within ten years fifty-three such institutions came into existence. Then followed the revolt against Greek ascendancy and the spiritual authority of the Patriarchate, which culminated in the firman of February 28, 1870, by which the Bulgarian Exarchate was founded. Six years later the ill-fated insurrection of 1876 occurred, with the subsequent espousal of the Bulgarian cause by the Powers of Europe.<sup>2</sup>

The Treaty of San Stefano in 1878 realized almost to the full Bulgarian aspirations, and reduced the power of the Sultan in Europe to a shadow. If the treaty had been carried into effect, Bulgaria would have owned three-fifths of the whole peninsula, with a population of 4,000,000. The Great Powers now intervened, fearing that this Big Bulgaria would become a Russian dependency—a fear which subsequent events belied. Acting on this belief, the Berlin Congress cut down the San Stefano treaty, and set up the principality as a buffer State, restoring part of the territory in question—namely, the vilayet of Adrianople and almost the whole of Macedonia—to Turkish rule, and placing Eastern Roumelia under a separate constitution. Prince Alexander of Battenberg, who was elected in 1879 to the throne of the principality, found himself awkwardly placed between his autocratic uncle, Alexander III., and his democratic subjects. In 1881 he declared himself absolute ruler, but eventually the interests of his subjects prevailed, and in 1883 he restored the constitution. In

<sup>1</sup> *Times*, December 14, 1908.

<sup>2</sup> Villari, p. 49 ; *Morning Post*, October 6, 1908.



1885 the bloodless revolution at Philippopolis took place; the union of Bulgaria with Eastern Roumelia was proclaimed, and Prince Alexander entered Philippopolis amidst the acclamations of his subjects.<sup>1</sup>

Europe was scandalized at the violation of the Treaty of Berlin, but Russia alone protested, and withdrew her officers, who had occupied the higher posts in the Bulgarian army. No indignation was expressed by Great Britain, for the sympathy of the United Kingdom was on the side of the Prince, who defeated the Servian army which now invaded his country at Slivnitza and Tsaribrod, in spite of the lack of senior officers, and captured Pirot. Had not Austria intervened, the Bulgarian army would have dictated terms at Belgrade.

A conference of Ambassadors with the Turkish Foreign Minister was held at Constantinople in the spring of 1886, and the Sultan recognized Alexander as Governor-General of Roumelia. A personal union only was sanctioned, but the countries were administered as one. In the following summer the Prince, who had become the *bête noire* of Russia, was kidnapped by philo-Russian conspirators with the connivance of that Power, forced to abdicate, and transported to Russian territory. Stambouloff, the President of the Assembly, organized a counter-revolution, but Prince Alexander, though he returned to Bulgaria, decided to abdicate.

After a period in which Stambouloff and the Bulgarian statesmen who acted as regents showed infinite courage and resource, Prince Ferdinand of Saxe-Coburg was elected in 1887 by the Sobranje to the vacant throne. Admirably advised by Stambouloff, who became Prime Minister, the new monarch overcame all his difficulties, including raids and conspiracies, but eventually in 1894 decided to conciliate Russia. Stambouloff, whose autocratic temper had made many enemies, resigned, and in the following year was murdered in the streets of Sofia. In 1896 the reconciliation with Russia was sealed by the conversion of Prince Boris, the heir to the throne, to

<sup>1</sup> Villari, p. 63.

the Orthodox faith, and shortly after Prince Ferdinand received investiture from the Sultan and recognition from the Powers.<sup>1</sup>

United Bulgaria is a country rather larger than Ireland, Bulgaria proper containing 24,380, and Eastern Roumelia 13,700, English square miles. Within its area there are nearly 3,000,000 inhabitants, of whom more than 75 per cent. are Bulgarians; but there are also Turks, Roumanians, Greeks, Jews, and, finally, Armenians—that inartistic, unattractive but supple race of financiers and merchants.

The Bulgarians have been contrasted with the Serbs as the doers and workers, the latter race being described as the talkers and loungers. Educationally, commercially, and industrially, the Bulgarians are proving their superiority over their Servian neighbours. No two towns could present a greater contrast than Belgrade and Sofia—the one dull, sleepy, and sordid, the other busy, bustling, and progressive. Trade in Bulgaria is largely in the hands of Greeks, Austrians, Roumanians, and Jews, and it has increased considerably in recent years. In 1902 imports were 71,246,493 francs, in 1906 they had risen to 108,474,373 francs; exports during the same period rose from 103,684,530 francs to 114,578,356 francs, but both exports and imports touched their high-water mark for the five years in 1904.<sup>2</sup>

The Budget for 1909 was laid before the Sobranje on December 28, 1908. Expenditure was estimated at 157,257,620 leva (£6,290,304), and receipts at 157,289,450 leva (£6,291,578). The military estimates with supplementary credit were placed at £1,520,000, and M. Salabasheff, the Minister of Finance, announced that, in view of the deficits of the last five years, amounting to £3,320,000, a foreign loan would be necessary before the end of the year. The entire con-

<sup>1</sup> Villari, p. 69.

<sup>2</sup> *Times*, September 16, 1908; Eliot, p. 391; “*Statesman’s Year-Book*,” 1908, pp. 1584-88.

solidated debt he reckoned at £17,689,040, and the floating debt at £2,109,480.<sup>1</sup>

The army of Bulgaria is to a great extent modelled on that of Russia. Service is universal and compulsory. Recruits usually join at the age of twenty, although liability to serve extends from eighteen to the completion of the forty-sixth year. The reorganization of 1908 extended the reserve service from eight to eighteen years in the infantry, and to sixteen years in the other arms. This is the longest period of reserve service in Europe.

The peace strength of the army is about 52,500, but the field army, consisting of nine army corps and one cavalry division, with the mountain and howitzer artillery regiments, will amount, when all the units are formed, to about 375,000 combatants. The army is of the most modern type, and the training of the troops, especially in musketry, is said to be very good.

As far as the mountain system is concerned, Bulgaria is the most important factor in the political problem of the Balkans. Physically it is an ideal buffer State, consisting essentially of the Balkan mountains, with their Russian and Turkish foregrounds. This position of relief makes it an admirable base for offensive or defensive operations against those Powers, and the country is specially fortified against Servia. In recent years Bulgaria has been on somewhat strained terms with her suzerain, Turkey; but, in the opinion of competent authorities, Turkey is more than able to hold her own, for the new Turkish mobilization scheme provides for the massing of 350,000 men on the Bulgarian frontier within one week of the declaration of war.<sup>2</sup>

The country has prospered greatly since it acquired its independence. In commerce, agriculture, manufactures, as well as in education and literature, there has been advance and activity, while in military matters Bulgaria has made enormous strides. In addition to

<sup>1</sup> *Times*, December 29, 1908.

<sup>2</sup> *Nineteenth Century*, November, 1908; "Statesman's Year-Book," 1908, p. 1587; Lyde, pp. 33-58.

the development of industry, public works on a large scale have been instituted, and the country has been covered with a network of railways. Wealth has been increased, order has been maintained. Again, agricultural banks have been founded, stock has been improved, reafforestation has been taken in hand. In short, wonders have been worked by this virile, laborious, and persevering race, and Bulgaria is almost a model State.

The principality of Bulgaria is not coextensive with the Bulgarian nationality, but the Bulgarian Church extends over all the Turkish dominions. Sympathy with the Macedonian brethren is therefore fanned, and the insurrection of 1903, for which preparation had been made for more than ten years, was a demonstration in which every Bulgarian took the deepest interest. The extraordinary brutality with which the insurrection was put down is not forgotten on the Bulgarian side. In fact, so deep is the rift between Bulgarian and Turk that Brailsford expresses a doubt whether even a whole-hearted and intelligent attempt at conciliation on the Turkish side could bring about the smallest improvement.<sup>1</sup>

In 1908 the exclusion of M. Gueshoff, the Bulgarian Agent, from the Diplomatic Corps at Constantinople was an unwise step on the part of the Turkish Government. Next, the constant friction as regards the Oriental Railway, which runs through Bulgaria, but is for part of the way Turkish, led the Bulgarian Government to take the opportunity offered by a strike on the railway to seize the line. Finally, in October Prince Ferdinand, on returning to Bulgaria from Austria-Hungary, where he had been received with marked honour, proclaimed the independence of his country, and assumed the title of Tsar of Bulgaria.<sup>2</sup>

In spite of the protests of the Austro-Hungarian and Bulgarian Governments, it is hard to dissociate this

<sup>1</sup> Eliot, pp. 317, 318 ; v. Wyon, "The Balkans from Within," p. 167.

<sup>2</sup> *Morning Post*, October 6, 1908.

event in one's mind from the annexation of Bosnia and the Herzegovina, which immediately followed. One cannot forget that Count Khevenhüller, the Austro-Hungarian Ambassador, was able to announce the double event to President Fallières on October 8. In any case Prince Ferdinand's act was condemned in England on account of the embarrassment it necessarily caused to the Young Turk movement, which had inspired universal sympathy. Like the annexation, the proclamation of independence will have to be considered by the Powers in conference, and meanwhile the gains and the losses may be counted up. There is—

1. The claim of the Sultan for compensation for the tribute due from Bulgaria proper since 1878. This tribute was fixed by the Turks, pending the decision of the Powers, at £100,000, and assigned by them to the public debt. The Turks have religiously paid this sum over to the debt, but no instalment has yet been received from Bulgaria. The sum due on this head has been capitalized by the Director-General of the Ottoman Bank at £7,200,000.<sup>1</sup>

2. The more substantial and equitable claim for compensation for the loss of the tribute of £120,000 a year which has been fitfully paid by Bulgaria for Eastern Roumelia. This has been capitalized at £2,400,000 on the Turkish side, but it appears that the Bulgarian Government is only willing to pay £1,600,000 on this account.<sup>2</sup>

3. There is the compensation to be paid for the expropriation of the railway, the revenue of which is £80,000 per annum. The basis of capitalization of this sum is not agreed upon. In presenting the Budget for 1909 on December 28, 1908, the Minister of Finance, M. Salabasheff, estimated the total amount payable to Turkey and the company as compensation for actual losses at £725,428, of which the company's share would be about £200,000. This occasioned surprise,

<sup>1</sup> *Times*, November 26, 1908.

<sup>2</sup> *Times*, December 14, 1908.

as the Bulgarian Government had already made an offer of £1,800,000 on this account.<sup>1</sup>

4. The Customs question. At present Bulgaria exports many categories of goods to Turkey duty-free, while her rivals pay 11 per cent.

5. The question of the capitulations, so far as the abolition of foreign post-offices and the restrictions on Turkish commercial freedom are concerned. With regard to the foreign consular jurisdiction in criminal cases, the Bulgarian Minister of Justice has coolly abolished it without reference to the Powers.<sup>2</sup>

6. There is the share in the Ottoman public debt which Bulgaria proper was to have taken over, and there is also the share which may be demanded in regard to Roumelia—the former, it seems to me, a shadowy, the latter a more substantial claim.

7. Last, but by no means least, comes the question of the Exarchate. The special power which this institution has given the Bulgarian Church over Bulgarians throughout European Turkey has been the most valuable asset of the Bulgarian national patriotism. The loss of this power would far outweigh the financial losses which independence may involve.

When all these losses come to be reckoned up, it is not certain that the hard-headed Bulgarians will consider that their independence and the kingly crown are enough to set in the balance on the other side, and there is the danger that the Bulgarian army should, in view of its known efficiency, be unwilling to allow the King to accept the imposition of heavy financial sacrifices.

On October 15 the Bulgarian Premier declared that those who imagined that Bulgaria would purchase her independence with enormous pecuniary sacrifices must know that rather than that she would prefer to buy it with blood.<sup>3</sup> It is remarkable that at the close of the year Bulgaria issued a circular to the Powers containing complaints against Turkey couched in the most

<sup>1</sup> *Times*, December 29, 1908; cf. also December 14 and January 1, 1909.

<sup>2</sup> *Contemporary Review*, November, 1908.

<sup>3</sup> *Times*, October 17, 1908.

menacing language and based on the most flimsy grounds. It seems to have been inspired from Vienna, and Austria-Hungary alone hastened to reply to it.<sup>1</sup> In the background there is always the shadow of that very vague and dangerous subject—the Macedonian Question.

Strictly speaking, Roumania can hardly be counted as a Balkan State, for the Danube separates her from the Balkan Peninsula; while her people speak a different tongue, and are more akin to the inhabitants of South-Western Hungary, where 3,000,000 of their brethren live, than to the Slav tribes on the southern side of the Danube. Yet her close connection with Austria-Hungary and Russia, the nations most deeply interested in the Balkans, justifies her place in Balkan politics.<sup>2</sup>

In the middle of the nineteenth century the present kingdom of Roumania was represented by two separate provinces, Wallachia and Moldavia, which were under the suzerainty of Turkey and the protection of Russia. For many years Austria strongly opposed the union of the two provinces, fearing a second Piedmont on her Transylvanian frontier. The principalities, however, were eager for union, and under the ægis of the Powers they set Austria at defiance. One of the main results of the Crimean War was that the two principalities were placed under the collective guarantee of the Powers. In 1859 Prince Couza was simultaneously elected Prince of both principalities, and in 1861 the union of the principalities was recognized by the Powers for the Prince's lifetime. In 1866 Couza, who had forfeited the loyalty and respect of his people, was forced to abdicate, and Prince Charles of Hohenzollern was elected after a plebiscitum had been taken, 685,969 voting for him, and 224 against.

Only four years after his election Prince Charles had to cope with a rebellion occasioned by the Franco-Prussian War, and so high did feeling against the

<sup>1</sup> *Times*, December 31, 1908, January 1, 1909.

<sup>2</sup> Lyde, p. 70; "Observer in the Near East," pp. 254-55.

German Sovereign run, that, although the army had proved its loyalty and the insurrection been quelled, the Prince thought of abdicating. The defeat of France cooled the national enthusiasm, and the Prince's personal popularity enabled the dynasty to weather the storm.

By this time opinion in Austria with regard to the provinces had changed, and Andrassy, who saw that the shipwreck of Roumania in Russian breakers would present a greater danger for Austria-Hungary than the development of a national State, advocated the cause of Roumanian independence at the Congress of Berlin.<sup>1</sup>

In the forty-two years which have elapsed since the election of Charles of Hohenzollern, Roumania has made a remarkable advance. The semi-civilized nation, with its little Oriental capital, has been transformed into a modern State, "the first in South-Eastern Europe in regard to its administrative organization and commercial importance." Bucharest has not only grown into a little Paris, with its broad boulevards, smart cafés, expensive shops and hotels, but has also, unfortunately, contracted some Parisian vices as well, wild extravagance and high prices being characteristic of the go-ahead city, where "everyone lives far above his income."

In general, however, the finance and also the commerce of the country are in a sound progressive state. Both exports and imports have risen, subject to fluctuations, between 1901 and 1905. In 1906 the total commerce was £36,491,750, of which exports represented £16,862,740 and imports £19,654,404. In the last six financial years there have been surpluses varying from £800,000 to £2,000,000, which have been chiefly applied to public works; but in 1904-05 there was a deficit. The national debt, external and internal, amounts to £56,000,000, or, roughly speaking, £8 per head of the population; and of this £32,000,000 has been applied to the construction of railways, of which there are 2,000 miles. The main source of wealth is agriculture, and

<sup>1</sup> "Encyclopædia Britannica," new volumes, vol. xxii., pp. 319-23; Scotus Viator, "Austria-Hungary," p. 46.



the chief hope of the future lies in the development of the vast petroleum field, computed at 1,800,000 acres.<sup>1</sup>

The neglected condition of the peasantry of Roumania is one of the worst features of the present state of the country. In 1899, according to the census returns, 78 per cent. of the population over seven years of age could neither read nor write.

Another great internal problem is the treatment of the Jews, whose disabilities are a blot on the Roumanian escutcheon, and a breach of solemn obligations undertaken at Berlin. No doubt the Jews are a serious menace to the remainder of the population. There are a larger number of them in proportion to the population than in any other country in the world. They form an actual majority in many towns in Northern Moldavia, and constitute one-twentieth of the whole population. The Roumanian's hatred of the Jew is not prompted by fanaticism, but by material interests. There is a well-grounded fear that, if the Jews once received political and civil rights, they would rapidly become masters of the whole soil; as it is, they monopolize most of the retail trade. In addition to the fear of the economically stronger, there is the dislike of the alien, for the Jews do not mix with the people of the country, but wear a distinguishing dress and speak a different language.<sup>2</sup>

The area of Roumania has been estimated at about 50,700 square miles, and the population in 1906 at about 6,500,000, of whom 92 per cent. are Roumanians.

Here, as in Servia and Bulgaria, military service is

<sup>1</sup> Villari, p. 78; "Observer in the Near East," pp. 238-239; Scotus Viator, "Austria-Hungary," p. 50; *Fortnightly Review*, December, 1908; "Statesman's Year-Book," 1908, pp. 1395, 1399.

<sup>2</sup> It is necessary to notice in passing the terrible revolt of March, 1907. This was, in the first instance, purely agrarian in character, and arose from the tyranny and exactions of certain middlemen and farmers, mostly German-Jews. Hence it appeared to be anti-Semitic. Later, owing to mistaken clemency (reluctance being shown to order the troops to shoot down Roumanian peasants for the protection of the alien element), the movement assumed a most ferocious character, and murder, torture, and mutilation were rife (*cf.* *Times*, March 18; April 12, 1907). See also Villari, pp. 78, 79; "Encyclopædia Britannica," vol. xxii, p. 318; and Appendix (Berlin Treaty).

compulsory and universal, liability to service being from the twenty-first to the forty-sixth year. About three-fifths of the men serve continuously. The army is efficient, including a field force of 136,000 and a reserve of 170,000 men, and the military budget has been increased to £1,800,000; but Roumanian intentions are declared to be pacific, although, like the other neighbouring States, she keeps a watchful eye upon Macedonia, and should she find it necessary for the protection of her compatriots, she would, like Bulgaria, take up arms against the Turk. As regards the geographical situation from a military point of view, the mountain frontier is of value as a defence against the possible inroads of Austria-Hungary, but the available passes are so many and so easy that it is doubtful whether the Roumanian army unaided could defend them.

Roumania has shown herself capable of controlling the Lower Danube and of working with the Great Powers on the International Commission. Should the Danube question be raised at the coming conference, she will have a claim to be heard. In fact, M. Bratiano, the Roumanian Foreign Minister, while professing his desire to maintain good relations with Austria-Hungary, has plainly intimated that Baron von Aehrenthal was reckoning without his host when he proposed last October that the Servian and Bulgarian Governments should be represented on the Danube Commission. It was an anachronism, he said, to think of legislating to-day about the Danube without the participation of Roumania.<sup>1</sup>

Speaking at a meeting of the Liberal party at Bucharest in October, 1908, the Prime Minister, M. Sturdza, said that Roumania had nothing to say against the proclamation of independence by Bulgaria. Roumania had contributed to the formation of the Bulgarian State, and should, therefore, not be hostile to her own work. Roumania is also independent, and should not look,

<sup>1</sup> *Times*, December 29, 1908; "Observer in the Near East," p. 243; Lyde, p. 75; "Statesman's Year-Book," 1908, p. 1396.

save with a favourable eye, at those neighbours who wish to progress on the path of liberty. Greece had annexed Crete. What could Roumania have done to prevent it? As for Roumania, she runs no risk, because all the rights of Roumania are guaranteed by the Convention of Paris.<sup>1</sup> Roumania would continue her traditional policy, which was to safeguard Roumanian interests without creating useless international conflict. M. Sturdza further declared that, if the situation in the Orient developed in any way other than that of the transformation of states of fact into states of right, Roumania would take the measures dictated by her interests and circumstances with the necessary firmness and dignity. Roumania would never embark upon a policy of adventure, but, at the same time, she could not render herself ridiculous by imaginary claims upon territories in the Balkan Peninsula. In the circular note issued by the Roumanian Government in the same month, it was stated: "There is not now, and never has been, an understanding either with Austria-Hungary or any other Power. Roumania is absolutely free, and will always judge the situation according to her own interests, only defending them if attacked." The questions arising out of recent events are for the Powers to decide.<sup>2</sup>

The general trend of these and other official observations seems to make it doubtful whether, if a confederation of Balkan States were formed as suggested by the Russian Foreign Minister, Roumania would enter it. The leader of the Democratic Conservative party, being in a position of less responsibility than M. Sturdza, outlined the demands Roumania is likely to put forward if there is a general discussion of the Near Eastern Question. He said that a rectification of the Dobrudja frontier would go a very great way to satisfy public feeling; that Roumania must claim the right of erecting fortifications on the Danube; that she must further ask Austria-Hungary to renounce the provisions of the

<sup>1</sup> Signed at Paris, August 19, 1858.

<sup>2</sup> *Fortnightly Review*, November, 1908; *Times*, October 15, 1908.

London Convention; that she cannot admit the representation of Servia and Bulgaria on the Danube Commission; and, finally, that Roumania ought to obtain the right of passage of the Dardanelles for her navy.<sup>1</sup>

The wild Turkish province of Albania is divided into the vilayets of Scutari, Janina, and part of Monastir. The population consists of about 1,600,000 persons, of whom about 1,200,000 are Albanians, about 250,000 Serbs or Bulgars, about 100,000 Greeks, and the balance are Vlachs. The Albanians are divided into two tribes, the Ghegs of Northern and the Tosks of Southern Albania. Of the Northern Albanians, some 60 per cent. are Mohammedans. Central Albania is almost entirely Moslem. In Southern Albania there is a considerable Christian population, whose limits coincide with the Greek-speaking districts. In all there are about 480,000 Christians, of whom about 100,000 are Roman Catholics, almost all of them belonging to the Gheg tribes of the north; the remainder are of the Orthodox Church.<sup>2</sup>

According to Miller, Albania is the least civilized part of the Balkans, and, although the people aspire after an independent Albanian State, family feuds and religious differences are the cause or the excuse for incessant fighting. Life is held of little account in this land of human wolves. Agriculture, manufactures, trade, art, and literature, are alike neglected. Some idea of the lawlessness of the country may be gathered from the fact that the average number of assassinations in Scutari is said to be about three per diem. Nor does justice overtake the murderers, for nobody cares except the dead man's next of kin.

The Turks, it is true, do not encourage either the progress of civilization or of education in their disaffected recruiting-ground. For example, the telephone and electric light are forbidden at Scutari, while neither books nor newspapers are allowed to enter Albania.

<sup>1</sup> *Times*, October 24, 1908.

<sup>2</sup> "Encyclopædia Britannica," new volumes, vol. xxv., pp. 245-247; Lyde, p. 177; Miller, p. 227; "Observer in the Near East," p. 57; Eliot, p. 355.

The educational privations, which have called forth considerable comment, are, according to Sir Charles Eliot, a matter of small concern to the mass of the people. Another writer states that the educational propaganda of Italians and Austrians, who both seek jealously for Albanian favour, have not won the people of this lawless land to the side of either Power.

The Italian movement is backed by the fact that there are considerable settlements of Albanians in Southern Italy (154,600) and Sicily (52,600); and from the latter the well-known Italian Prime Minister, Crispi, derived both his descent and his enthusiasm for Albania. If the Albanians are savages one of whose chief occupations is fighting, and amongst whom the custom of obtaining their wives by raiding a neighbouring Moslem clan has not died out, yet they are not an unattractive race. They are naturally courageous, and have besides a certain rudimentary chivalry, which prevents them from shooting women or men in company with women. The Ghegs especially are simple, brave, faithful men, who make excellent soldiers and trustworthy retainers. The native disposition of the Tosk has been modified by intercourse with Vlachs and Greeks.

At the present time Albania is only nominally subject to the Turk; for if she has failed to preserve the same measure of independence as Montenegro, she is at least subject to no conscription, and the only tax paid—the tithe—is rendered with little regularity to the Government. The young States surrounding Albania—Servia, Greece, and Montenegro, the arch-enemy—all regard this province with envious eyes; and in the background there are the two great Powers, Italy and Austria, with their designs upon parts or the whole of the country.

The result of the constitution proclaimed in 1908, so far as Albania is concerned, is still somewhat doubtful. At first it acted like a talisman, and produced an unwonted atmosphere of peace. The Moslems of Scutari, who are peculiarly fanatical, received it with enthusiasm; but as

soon as they realized that it meant equality for the Christians they changed their front and became opposed to it. The Christians were also in its favour till they found it was unable to protect them against the Moslems. There was in October no police force worth mentioning at Scutari, and the only military force consisted of 1,000 raw recruits ; so the prospect was bad, because the efforts of the Powers on behalf of the Christians in Macedonia have greatly embittered the Moslems against the Christians in other districts.<sup>1</sup> In the demonstration against Bulgaria and Austria the Christians took no part. They do not care by whom the land is occupied, so long as Turkish government comes to an end. They only wish for freedom from Moslem persecution.

Miss Durham, who recently travelled through the country, is of opinion that only by military force and a strong hand can peace be maintained. For by no means all desire it. If the Slavonic peasants long after peace greatly, it is only because they wish to cultivate their land in quiet. The Servian leaders certainly are as strongly opposed to it, because the establishment of law and order would effectually put an end to all their hopes of future annexation of territory. The Moslems will resist any attempts to tamper with their rights, which include, as we have seen, exemption from military service, and the Roman Catholics distrust all that comes from Stambul, saying that only Christian rule will give justice to Christians.<sup>2</sup>

The last of the Balkan States—Greece—is no longer of great importance in Balkan questions. It is the land of politics and democracy, arid, malaria-haunted, and uncultivated, inhabited by an idle, talkative, light-hearted people, swarming with doctors without patients and barristers without briefs. Its agriculture is neglected, its finances wasted, its army inefficient. With the exception of a few Albanians and Roumanians, the country is peopled by Greeks who belong to the

<sup>1</sup> *Times*, October 20, 1908 ; Miller, pp. 206-207 ; Brailsford, p. 278.

<sup>2</sup> *Contemporary Review*, November, 1908.

Orthodox Greek Church, under an independent Metropolitan at Athens. Greece is hostile alike to Turkey and Bulgaria, and particularly hostile to the Bulgarian Church, which disputes successfully her efforts to claim Macedonia as a Greek preserve.<sup>1</sup>

The only period at which the Greeks came into prominence and power in the Balkan Peninsula after the Turkish domination was once established was in the eighteenth century, when the Phanariots exercised a great and nefarious influence in Balkan Church and State policy. At the end of the eighteenth century the commercial wealth of individual Greeks had largely increased, especially among those who had settled in London and Paris. Among these prosperous communities settled outside Turkey, societies were formed and funds subscribed to forward the cause of Hellenic freedom. The Greek provinces of Turkey afforded a special incitement to the movement, for if the Turkish Government favoured the Phanariots and the privileged class of merchants who had received a charter of privileges (*Berat*), and were called *Berabtis*, the rural population of Greece proper was heavily oppressed.

The first insurrection—that of 1770—was a complete failure. Russian instigation inspired the revolt; but Russia in this, as in many other cases in her dealings with the Balkans, deserted the insurrectionists as soon as she had gained her own point. In this instance both sides were to blame for the failure, for if the Greeks complained of betrayal, the Russians retorted with truth that the Greeks had shown cowardice in the struggle.<sup>2</sup>

The way for the second insurrection was paved by the formation, in 1815, of the famous Hetaireia, which originated in the association of four Greek merchants at Moscow, but which in 1820 was said to number 200,000 adherents. In the latter year the revolt broke out, and was at first chiefly marked by the massacres of Turks by Greeks, and of Greeks by Turks. On

<sup>1</sup> Miller, pp. 265, 311-314.

<sup>2</sup> Eliot, pp. 283-286.

Easter Day the Patriarch of Constantinople was hanged at the door of his own church. In the south, however, the revolt proved more successful, thanks to the fact that it was headed by Ali Pasha, who desired to carve out an independent principality for himself. The Greeks did not distinguish themselves much more than in 1770, and disgusted their friends by their dissensions and corruption. The movement, however, continued, thanks to the efforts of Philhellene volunteers and the money subscribed by friends of the cause from outside. Nevertheless, the campaign conducted by Ibrahim Pasha in the years 1824-26 would have probably resulted in the complete extermination of the population, had not Russia, England, and France, intervened. At Navarino in 1827 (October 20) the Turkish fleet was annihilated, and in 1830 Greek independence was proclaimed.

The career of the Greek State, with its political convulsions and constitutional experiments, with its costly and ineffectual foreign policy, cannot be said to have been a success. As far as administration is concerned, Corfu is an example of how little Greek ambition is justified by the results, though Greek government is no doubt better than Turkish rule. The military demonstrations at every successive crisis of the Eastern Question culminated in the disastrous war of 1897, which was undertaken in favour of Crete.

The most important incident for continental Hellenism in the nineteenth century, after the War of Independence, was the constitution of the Bulgarian Exarchate in 1870, which may be said to have halved the number and influence of the Greeks in European Turkey.

The Greek mission is held by Philhellenes to be the representation of Christianity and education for all South-Eastern Europe, and the Greeks are imbued with the idea that Macedonia is theirs by right. In that country, however, the Greeks are merely one, and not even the strongest, of many political parties.



Further, as far as representing Christianity is concerned, if the Bulgarian bands have been guilty of outrages in Macedonia, the bearers of Hellenic culture have not lagged far behind in savagery. The jealousy of Greek and Bulgar still raged in March, 1908, while after the "Truce of God," which Macedonia enjoyed in July and the first days of August of that year, the bands were reported on August 31 to have resumed activity.<sup>1</sup>

As an outcome of the action of Bulgaria and Austria, in October, 1908, the island of Crete declared its adhesion to the Greek Kingdom. This raises a question which will have eventually to be considered by the four protecting Powers, Russia, England, France, and Italy, who have undertaken a special responsibility in regard to the government of this island.<sup>2</sup>

A new feature of the Balkan question in the nineteenth century is the discovery of the Vlachs, or Wallachs, a timid race of shepherds, for the most part distinct from the average Balkan peasant, who formerly called themselves Greeks, and whose headquarters are in the Pindus range. This mild element in the Balkan racial problem only came into prominence when Macedonia became the battle-field of nationalist propaganda. It is a significant comment on the boast made by M. Theotokis, the Greek Premier, on March 24, 1908, of the strength of Hellenism, that this Hellenized people, after the Græco-Turkish War, asked to be put under Ottoman rather than Greek government. These steadfast adherents of the Orthodox faith find it possible to get on well with the Turks, thus showing that, as Sir Charles Eliot says, Christians who have no political aims or ambitions can be happy under Turkish rule.<sup>3</sup>

<sup>1</sup> Eliot, pp. 283-286, 291; Villari, pp. 71-77; Brailsford, pp. 217, 218.

<sup>2</sup> *Times*, July 27, 1908; August 31, 1908.

<sup>3</sup> Eliot, pp. 371-378; Brailsford, pp. 176-179. A different view of the Vlachs is taken by a writer in the *Quarterly Review*, April, 1909: "As regards temperament and pursuits, they (the Vlachs) are wanderers and traders, versatile and enterprising, distinctly non-agricultural."

## 4. THE POWERS AND EUROPEAN TURKEY.

The attitude of the European Powers has passed through three phases as regards the Turks. First, the period of fear, which ended with the defeat of the Ottomans at Vienna in 1683; next, the period of the reconquest of Christian lands, with the gradual retreat of the Ottoman invader; and, last, the period of intervention in the internal affairs of European Turkey.<sup>1</sup>

Although the Russian mission in the Balkans, which includes the ancient ambition of succeeding to the Empire of Byzantium, became an active factor, under Catherine, in the instigation of revolt in the Turkish dominions, yet the new principle of external interference by that Power on behalf of the rayahs only became established, as we have seen, by the Treaty of Kainardji, which concluded the Russo-Turkish War of 1767-74. In this treaty it was laid down that the Russian Ambassador at Constantinople might interfere in the interests of the Christian subjects of the Porte. This Russian protectorate of the Balkans then set up was one of the chief objects of Russian policy down to the Crimean War.

In the early years of the nineteenth century, Russia, backed by the other Powers, took a foremost part in assisting the movement for freedom which sprang up among the Balkan peoples. In 1809, by the Treaty of Bucharest, the autonomy of the Danubian provinces and a measure of independence for Servia were secured. Again, during the second Greek insurrection it was Russia who came forward and demanded the cessation of the massacres in the Morea; while in 1827 it was the joint action of Russia, France, and England, which brought Ibrahim Pasha to reason, and eventually effected the liberation of Greece in 1829, and its final recognition by all the Powers in 1830. The Treaty of Adrianople in 1829 further stipulated for guarantees of immunity for Servia and Moldo-Wallachia.<sup>2</sup>

<sup>1</sup> Villari, p. 228.

<sup>2</sup> Villari, pp. 229-234; Noel Buxton, "Europe and the Turks," pp. 21-24.

For the greater part of the nineteenth century the history of European diplomacy in the Near East has been a duel between Russia and England, whose policy for centuries has been to resist the great preponderance of any one Power ; for behind Russian philanthropy was Russia's desire for territorial and political extension. It became a maxim of English statesmen that all Russian movements were actuated by her determination to get to the sea, and that for that purpose she was intent on the methodical conquest of Turkey, Persia, and India. As far as Turkey is concerned, there is no doubt that the one ideal of external policy which is capable of uniting even now high and low, throughout the Russian Empire, is the appeal to free the downtrodden Slavonic brethren from the unbeliever, and to plant the Cross instead of the Crescent on the dome of St. Sophia. To resist Russian ambitions, England organized what is known as the Concert of Europe, on the basis of the necessity for a collective intervention of all the Powers. This policy, which was put into definite shape by Sir Stratford Canning, was not merely negative. In addition to the defence of the Sultan's authority against Russian aggression, it involved the securing, by friendly pressure or collective interference of the Powers, of such internal reforms as would give real protection to the Christian subjects of the Porte.<sup>1</sup>

The policy of supporting the Sultan against Russian aggression reached its climax in the Crimean War of 1854-55, which was mainly due to the efforts of Nicholas I. to extend his protection over the Greek Christians in Turkey. No doubt England's allies had other motives as well. France was actuated partly by Napoleon III.'s desire for prominence, and partly also by her desire to avenge 1812 ; and Sardinia by her desire to be on close terms of friendship with the two great Western Powers.

As far as the Balkans were concerned, the chief diplomatic result of the Crimean War was to substitute

<sup>1</sup> Villari, pp. 233, 256 ; Lyde, p. 171 ; Eliot, p. 419 ; René Henry, p. 317.

a European recognition of religious toleration in Turkey for the control over her subjects of the Greek Church which Russia had claimed. Events now moved rapidly. In 1861, aided diplomatically by Napoleon III., Moldavia and Wallachia united and formed the principality of Roumania. In 1862 the Servians got rid of the Turkish garrisons, and framed a constitution of the Western type.

In 1875 Herzegovina revolted, and the champions of Ottoman integrity, in alarm, urged reforms upon the Sultan. A year later the Concert of Europe broke up, owing to the refusal of the Disraeli Ministry to assent to the proposed scheme of reforms, and the British fleet in the Mediterranean was ordered to Besika Bay, near the entrance to the Dardanelles. The Bulgarian atrocities, however, which now took place, altered the current of events, and rendered a Turko-British alliance impossible.

In 1876 a Conference of the six Great Powers met at Constantinople, on the initiative of England, to discuss Turkish affairs. The Conference proved abortive, as the Sultan rejected its chief recommendations. War between Turkey and Russia broke out, and was followed by another European settlement.<sup>1</sup>

The Treaty of San Stefano, which had been concluded between Russia and Turkey, was torn up, and the Congress of Berlin placed the Balkan problem on a new footing. Servian territory was extended. Roumania was compensated for the loss of Bessarabia, which Russia had taken from her brave ally at the end of the war, and Big Bulgaria was divided into Bulgaria proper and Roumelia. The cardinal defect of the Berlin treaty was the inadequate protection afforded for the Christians in the Macedonian and Ægean provinces, which were left under Turkish control. On paper the provisions were abundant. In particular, Clause 23 provided for the institution of local Commissions, which were to elaborate statutes and regulations for the future govern-

<sup>1</sup> Holland Rose, "The Development of the European Nations," pp. 162-176; Villari, pp. 239-241.

ment of these districts. But though local Commissions were appointed and statutes drafted, they were never put into force. What might have happened if the friendly Ministry of Lord Beaconsfield had remained in office it is hard to say, but with the advent of Mr. Gladstone, in 1880, England ceased her policy of amicable pressure, and substituted that of coercion of the Porte. This policy succeeded in obtaining a settlement of Montenegrin and Greek claims, but Macedonia remained as before.<sup>1</sup>

The policy of other Great Powers also underwent a change. Austria, long deluded by dreams of universal empire, turned her eyes south. Russia also altered her tactics, and began to support the Turkish Government, keeping the Porte subservient by a combination of threats and blandishments. England favoured the small Powers, urged autonomy for Macedonia, and in 1885 saved Bulgaria from Russian vengeance; but her policy lacked conviction, and was considered unreliable abroad. After the occupation of Egypt in 1882, England was less apprehensive of Russian aggression, and less willing to support Turkey, which was in the full swing of the Hamidian régime. The Sultan himself showed great adroitness in playing the Powers off one against the other.<sup>2</sup>

As far as the rayahs were concerned, things went from bad to worse. The revolt of the Armenians (1897), with the horrors attendant on its suppression, aroused the conscience of Europe for a moment. The Powers protested, but little was done because Lord Salisbury flinched from the risk of international complications in the face of the indifference of Germany and Austria, and the covert hostility of Russia, to whom France was bound by her alliance.<sup>3</sup>

The recrudescence of the Cretan question coupled with the Greek War of 1897 awakened the old Phil-

<sup>1</sup> Villari, pp. 241-246; "Les Questions actuelles de Politique Étrangère en Europe," pp. 167-170.

<sup>2</sup> Villari, pp. 248, 256, 262; Noel Buxton, p. 58.

<sup>3</sup> Villari, p. 255.

hellenic feeling once more, but that feeling was decidedly qualified by the conduct of the Greek army in the field. On the other hand, the successes of the Turkish army rendered the Porte less amenable than ever. In 1895 the Bulgarian insurgent committees were first founded, and the agreement of Russia and Austria in 1898 was dictated by fear of the results of this movement.

According to Villari, Austria and Russia, who have in the last decade asserted and established their preferential right to interfere in European Turkey, as the Powers most deeply interested, have been actuated by a desire not to mend, but rather to increase, the prevailing anarchy. The policy of both Powers, according to this writer, is to present ineffective schemes of reform which will effect nothing, but which will keep the sore open.<sup>1</sup>

In the decade which has elapsed since 1897, Germany has come to the front as a prime factor in South-Eastern politics, and her entry on the field of diplomacy has been marked by a callous bid for commercial power in Asia Minor, by cultivating the favour of the Sultan at the very moment when all Europe was looking askance at the inventor and authorizer of the Armenian atrocities. In 1898 the Emperor and Empress visited the Sultan at Constantinople on their way to Palestine, and the visit resulted in the concession of the Bagdad Railway. According to Mr. Noel Buxton, another concession—the Thasos Mines—is yielding a princely fortune, and Germany, by obstructing reform, posed as the Sultan's friend. She prolonged the reign of bloodshed in Macedonia, but had something to bargain with when the crash should come.<sup>2</sup>

Towards the close of 1902 European diplomacy rediscovered the Macedonian question. Insurrection called attention to the Balkans, and again reform was spoken of. It should be observed in passing that the term "Macedonia" is unknown to the Porte, which only recognizes the vilayets of Monastir, Kossovo, and Salonika. The

<sup>1</sup> Villari, p. 257.

<sup>2</sup> Eliot, p. 420 ; Lyde, p. 171.

problem called "Macedonian" is merely that of the anarchy of the aforesaid vilayets, which is more intense than the anarchy elsewhere in Turkey owing to the rivalries of the Christian nationalities, who are more closely intermingled here than elsewhere. In the hope of averting intervention, the Sultan promulgated his own scheme of reform in December, 1902. Meanwhile Austria and Russia were also employed in elaborating a plan of their own, which proved a failure. This agreement, which came into force in February, 1903, embodied one principle of paramount importance. It laid down the right of Austria and Russia, as the two most interested Powers, to devise a scheme of reform and to superintend its execution. This meant that four out of the six Great Powers who signed the Berlin Treaty abdicated their responsibilities.

The scheme of February, 1903, was an amplification of the Sultan's programme of December, 1902. Its pivot was Hilmi Pasha, the Inspector-General, whose ideals are those of the Hamidian Court. The Inspector-General was to remain at his post for a fixed number of years, and was to be entitled to dispose of Ottoman troops should public order require it. The gendarmerie were to be assisted by foreign experts, and to be composed of Christians and Mussulmans in proportion to the number of the adherents of their respective religions in the localities concerned. An amnesty was to be granted to political offenders. The mode of the collection of the tithe was altered, and the system of farming out in bulk abolished. The finances were to be placed in some indefinite way under the jurisdiction of the Ottoman Bank, an international institution supported chiefly by French capital. The civil and criminal courts were reorganized. The number of professional Judges was increased and their nominal salaries raised. Reforms of the rural guards, as well as of the gendarmerie, were provided, but not carried out. The insurrection of 1903 followed.<sup>1</sup>

<sup>1</sup> Brailsford, pp. 290-292, 300; Turkey, No. 2, 1903, Cd. 1,467, pp. 4, 5.

In September, 1903, the Emperor of Austria and the Tsar met at the hunting-lodge of Mürzsteg, near Vienna, and the second Austro-Russian scheme was the result of their deliberations. In April, 1904, it came into operation in Macedonia. The main new point of the Mürzsteg scheme was the nomination of two civil assessors, representing Austria and Russia, who were to sit at the right and left of Hilmi Pasha, and guide him in the straight path. The mandate of these three civil agents was to last for two years. They were to watch over the introduction of the reforms and the pacification of the population. It was further arranged that the reform of the gendarmerie, which had not proved efficacious, should be amended. Lord Lansdowne, commenting upon the scheme in a despatch to Sir F. Plunkett, the British Ambassador at Vienna, observed that "the instructions were absolutely silent upon the question of finance, which seemed to me to be at the root of all Macedonian reform." Many of the proposals of the Powers could not be carried out without considerable expenditure. It was not clear how this was to be provided. But in so far as the scheme went farther than its predecessor, Lord Lansdowne stated that it would be given "our general support."

The Mürzsteg agreement brought about no real reform. The civil assessors were merely glorified Consuls, the sole result of whose presence was to give their Governments more detailed and authoritative reports of the "old anarchy." The reform of the gendarmerie might have effected much, as it would have made Europeans personally responsible for the order and security of Macedonia; but the Turks resisted it, and the Powers let the matter drop, although Lord Lansdowne protested to the Turkish Ambassador against the attempt of the Turkish Government to whittle away the proposals for the improvement of the gendarmerie.<sup>1</sup>

In January, 1905, Lord Lansdowne made a further attempt to place the Western Powers on terms of

<sup>1</sup> Brailsford, pp. 305, 308; Turkey, No. 2, 1904, Cd. 1,879, p. 75; Turkey, No. 4, 1904, Cd. 2,249, p. 20.



equality with Austria and Russia, but the mandate of 1902 remained valid. Lord Lansdowne put forward a number of proposals which, had they been accepted, would have gone far to solve the Macedonian problem. He aimed at the decentralization of the administration and the internationalization of the control, but his proposals were only partially accepted by Austria and Russia. In May, 1905, Mr. Thesiger reported that the activity of the Servian bands had increased. At the same time it was stated that many considered that the failure of the Mürzsteg scheme had been demonstrated beyond dispute, and the Turks had resorted to their old methods of oppression.<sup>1</sup>

In December, 1905, a compromise was arranged as to financial reform, after considerable difficulty with the Turks. The International Financial Commission was erected, and delegates of England, France, and Germany, were admitted to an equality with the Russian and Austrian agents, but the operations of the Commission were strictly confined to finance. The Commission was a quasi-deliberative council with no executive power, and could only act through Hilmi Pasha. Brailsford prophesied that the Commission would fail to make the highways safe or the markets accessible, although it might relieve the peasant from some oppressive burdens. His prophecy proved true.<sup>2</sup>

In January, 1906, it was stated that there had been no sensible diminution in the amount of crime committed by Mussulmans, while the Greek, Servian, and Bulgarian bands were active in the spring, causing bloodshed and disorder. At the same time the Commission was engaged in trying to improve the financial position and alleviate the burdens of the peasant where it was possible—for instance, by exempting plough oxen from the tax on animals.<sup>3</sup>

<sup>1</sup> Brailsford, pp. 293, 310; Turkey, No. 3, 1905, Cd. 2,759, pp. 61, 188; Turkey, No. 2, 1905, Cd. 2,490, pp. 88, 89.

<sup>2</sup> Brailsford, p. 311; Turkey, No. 1, 1906, Cd. 2,816, pp. 51, 119; Turkey, No. 2, 1906, Cd. 2,919.

<sup>3</sup> Turkey, No. 1, 1907, Cd. 3,454, pp. 8, 9, 106-119; Turkey, No. 3, 1907, Cd. 3,497, p. 37.

Nevertheless, in spite of the reawakened interest of Europe, matters continued to go from bad to worse in 1906, 1907, and down to July, 1908. In December, 1907, it was reported that there was a marked increase in the activity of the rival bands, and that the situation was so grave as to claim the immediate attention of the Powers. The activity of the bands was held to be the more serious, as they are usually relatively quiescent in winter. Since 1903 the state of the country had never been worse.<sup>1</sup>

Early in 1908 Sir Edward Grey and M. Isvolsky both made fresh proposals of reform. Sir Edward Grey proposed the appointment of a Governor-General for Macedonia—either Christian or Moslem—for a period of ten years, a plan not well received in Vienna; and also an addition to the gendarmerie, the grant of full executive control to the gendarmerie officers, and the reduction of the Turkish troops.

M. Isvolsky's scheme tended towards making the International Financial Commission an effective international instrument for the control of the whole Macedonian administration. Negotiations continued during the spring and the early part of the summer, and finally a British note proposed the restoration of order by a mobile force preparatory to introducing reforms. But before this and other proposals could be accepted or applied, the whole question passed out of the hands of the Powers, whose efforts, be it admitted, have in the past only too often been vitiated by political motives. In fact, it must be frankly stated that the condition of the Macedonian provinces since 1878 is a disgrace to the civilization of Europe, though no doubt there are instances here and there of real and disinterested attempts at reforms.<sup>2</sup>

Under the Treaty of Paris (1856) Turkey was admitted to the "advantages" of the Concert of Europe.<sup>3</sup>

<sup>1</sup> Turkey, No. 3, 1908, Cd. 4,076; Turkey, No. 1, 1908, Cd. 3,958.

<sup>2</sup> Turkey, No. 2, 1908, Cd. 3,963, pp. 6, 7.

<sup>3</sup> By Article 5 of the Treaty of Paris, the Powers "declare the Sublime Porte admitted to participate in the advantages of European public law and

It has never been explained in what those advantages consist—in other words, whether it was merely intended that Turkey should be in future placed on exactly the same footing as the great Christian Powers as regards ordinary diplomatic courtesies and procedure, or whether it was implied that treaties with the Ottoman Porte cannot be contracted by single States without the other Great Powers being consulted. The practical result, however, remains that the Powers of Europe, both great and small, have from that time forward rarely carried out the most solemn engagements which they have undertaken with or for Turkey, such as those relating to the integrity of her territory. This fact comes most clearly to light if the text of the Treaty of Berlin is carefully studied. Some flagrant breaches of that treaty have, indeed, occasionally given rise to a trenchant protest,<sup>1</sup> like that indited by Lord Rosebery in 1886 on the subject of Batoum, which is well worthy to be studied as a model expression of the *vox indignantis*, and because Lord Rosebery's pupil is now His Majesty's Principal Secretary of State for Foreign Affairs. But, on the whole, the manner in which Christian Europe has treated the obligations it has undertaken to the Ottoman Turks during the last fifty years is not likely to escape the gravest censure of the historian when the time comes to deal faithfully with this period.

## 5. THE YOUNG TURKISH MOVEMENT.

On July 19, 1908, it was reported that, as Osman Hidayet Pasha was reading a pacificatory order in barracks at Monastir, he was fired upon by an officer in the presence of 2,000 troops, and that the assailant

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the European Concert." The Sovereigns engage "each for his own part to respect the independence and guarantee the territorial integrity of the Ottoman Empire," and "guarantee in common the strict observation of this engagement, and will consequently consider every act, calculated to affect it, as a question of general interest."

<sup>1</sup> Printed in the Appendix. Mahaffy, "Francis Joseph," p. 242.

after his act was allowed quietly to walk away. The actual outbreak had been intended for the autumn, but the arrest of a score of junior officers and others hastened the scheme. A couple of young officers dreading arrest took to the hills at Resna in Macedonia, and were joined by others. Shemsi Pasha, who moved against them, was shot by his own men, and it soon became evident that the Third Army Corps was on the side of the revolution. In the following days attempts were made to quell the revolutionary movement by distributing £80,000 among the troops, and by promoting 550 officers. But in this instance promotions, decorations, gifts, espionage, arrests, and banishments, totally failed.

On July 23 a Council of Ministers was held to decide whether the demands for a revival of the constitution, made by the mysterious Committee of Union and Progress, who treated *iradés* as waste paper, should be granted, or whether the Sultan should run the risk of a civil war. The Sheik-ul-Islam, when asked for his opinion, called upon the Fetva-Emini, as the official expounder of the Sacred Law, to give his views. That personage pronounced that the demands of the Committee were in accordance with Islamic Law, and that if the Sultan and Khalif were to resist them by force, his own authority would *ipso facto* be forfeited. The Council therefore decided to recommend the Sultan to issue a decree forthwith reviving the constitution.<sup>1</sup>

On Friday, July 24, the newspapers came out in Constantinople rather later than usual, but inconspicuously placed among ordinary paragraphs were eleven lines which contained the most important decision of the Sultan's reign—Parliament was to be convoked in accordance with the constitution of 1876. The Committee of Union and Progress had not waited for the Sultan's decision, but had forced the local officials in Macedonia to proclaim the constitution the day before. Not only Europe, but the Turkish provinces also, were

<sup>1</sup> *Times*, December 31, 1908.

slow to believe in the bloodless revolution; for such it proved to be, Fehmi Pasha alone being killed, and that when resisting arrest. When it was realized that this was no re-enactment of the comedy of 1876, but a genuine capitulation of the Sultan to the Young Turks, the enthusiasm of the Sultan's subjects was demonstrated in an orderly manner. On July 25 the Turkish Press swept away the restraint which had for a quarter of a century reduced it to a mere official gazette, and celebrated in jubilant but moderate language the new-born liberty of the nation.

This was the end of a despotism which had been developed with almost diabolical skill. Succeeding to the throne after the deposition of two Sultans, Abdul Hamid had by sheer tenacity and relentlessness of purpose, not only restored the authority of the Sultanate, but had raised himself to a height of both temporal and spiritual power which, perhaps, even the greatest of his predecessors had never achieved. Slowly but surely he had eliminated, not only the Liberal statesmen who raised him to the throne, but the bureaucrats, who had hitherto been supreme, and by a system of corruption and delation on a gigantic scale concentrated in the Palace the whole power of the Empire.<sup>1</sup>

The suddenness of the change can be exemplified by the fact that only a week before a respected Mollah at Constantinople—one of the oldest landowners in Turkey, a member of a family whose tenure is said to date from Mohammed the Conqueror—was subjected to arrest and interrogation by the secret police on the ground that a visitor from Salonika had arrived at his house.

At first the attitude both of Europe towards the Sultan and of the Sultan towards his people was doubtful. It had been one of the chief items in the programme of the Young Turkish party, which had been secretly working for more than twenty years, that Abdul Hamid should be forced to abdicate. Europe awaited developments, and the press wrote of the un-

<sup>1</sup> *Times*, December 16, 1908.

fathomable cunning of the Sultan ; while his own subjects were convinced that nothing but sheer terror had driven their ruler to restore the constitution.

Subsequent events indicated that Abdul Hamid was to be given another trial, from considerations of peace and expediency, for after the grant of the constitution there was a sudden outburst of popular enthusiasm for the Sultan, who was erroneously acclaimed as the author of the national happiness.

Meantime, while astonished Europe suspended its judgment on the amazing turn affairs had taken, a veritable "peace of God" had descended upon the troubled provinces of Turkey. Perfect order prevailed. Greek, Metropolitan, and Mussulman mufti, the rebel Enver Bey and the Sultan's Inspector-General, literally fell into each other's arms. On August 4 special trains brought hundreds of people to Salonika to celebrate the coming of liberty, and to lay down their arms and make peace with the Government. Albanians, members of insurgent bands, Greek Antartes from Crete and the mainland, Bulgarian Komitadjis, Vlach bandsmen, Servian bandsmen armed to the teeth, released prisoners (political and criminal), peasants of every nationality, mixed with the Salonika crowd of Spanish Jews and Levantines and Turkish soldiery, making up the most formidable and yet the best-behaved assembly imaginable. The declaration brought together in friendly intercourse all these people who have schemed and plotted against one another for years, who have burned each other's villages, killed each other and each other's women and children with every refinement of cruelty, and made Macedonia a hell upon earth, the pacification of which had baffled all the Cabinets of Europe.

The first burst of enthusiasm over, a difficult task awaits the Young Turks, whom not long ago no less an authority than Sir Charles Eliot could describe as a party ineffectual in both social and political reforms. Now reforms will be required in every department. What is more, reforms and the payment of the troops

will require money. If more money is wanted, Turkey will require financial freedom, to which the European bondholders will have something to say. Further, the racial feuds, at present lulled, will have to be reckoned with, and there will also be the inevitable efforts of Ottoman reaction promoted by the large and influential section of the educated classes, who thrive upon corruption.

By the middle of August the first difficulties had begun, and several strikes broke out, but the rapidity with which disorder was quelled won the admiration of Europe. The subsequent appointment of M. Laurent as financial adviser to the Government, the decision to nominate Sir W. Willcocks adviser on irrigation, and the request made to the British Government for the loan of the services of an official to reorganize the Customs, were all taken as guarantees of the intention of the Young Turks to carry out genuine financial reforms.

Early in September the first hint of the October difficulties came with the affront to the Bulgarian representative at Constantinople, M. Gueshoff, and the strike on the Oriental railway system on September 18. On September 21 Bulgaria took over the control of the Turkish railway line running through her territory. Quick to recognize their blunder, the Young Turks sent a conciliatory message on September 22 with regard to the Gueshoff incident, but Bulgaria continued to hold the line, in spite of Turkish demands, on September 28, for its evacuation. European protest and condemnation proved of no greater avail. The Bulgarians continued to make the position of the Young Turks as difficult as possible, and that at a moment when for the first time the Turks were realizing hopes of reform in the best possible way.

On October 5 Bulgarian independence was proclaimed at Tirnova, in defiance of Turkey and in violation of the Treaty of Berlin. On October 7 Francis Joseph annexed Bosnia and the Herzegovina. The action, or as it

seemed, the conspiracy, of the two Powers was strongly reprobated in England. No doubt the annexation was only a matter of time, while the aspiration of Bulgaria was natural. But by the exercise of tact it is thought Turkey might have been induced to release Bulgaria, by way of friendly agreement, from the conventional ties which bound her to her suzerain. At the same time Bulgaria's action was held to be an unpleasant legacy of Hamidian misrule. On the other hand, the action of Austria was regarded more seriously. Sir Edward Grey, speaking on October 7, referred both to the action of Bulgaria and to that of Austria-Hungary, and he added: "It is not a very great material or practical change. But the manner in which this has been brought about is, to say the least of it, both irregular and abrupt. It is an abrogation of the Treaty of Berlin which was done without previous agreement with other Powers, and, so far as I know, without a word in advance to Turkey, who is the Power most intimately concerned in the change. . . . We cannot recognize the right of any Power or State to alter an international treaty without the consent of the other parties to it. . . . In any case, it would be very desirable to lose no time in assuring Turkey that, in any revision of the Treaty of Berlin which frees other Powers or States, such as Austria and Bulgaria, from particular obligations, the interests and status of Turkey will receive full consideration and be adequately safeguarded. We earnestly desire to see things so fairly guided that the result of any changes may not be to discourage, but to give real and effective support to, the progress of the new Government and constitution in Turkey, and we shall use our influence to that end."

It became clear that these violations of the Treaty of Berlin had shaken that edifice to its foundations, and with it one of the main guarantees of European peace. On October 7 Montenegro declared herself freed from the provisions of the Berlin Treaty, and particularly those contained in Article 29. On the



same date the union of Crete with Greece was announced. The Great Powers were, however, not inactive. On October 10 the press was informed that the British, Russian, and French Ambassadors had been instructed to inform the Porte separately, on the same day, that in the view of their respective Governments the provisions of the Treaty of Berlin cannot be altered without the consent of all the signatory Powers. It is understood that the Italian Government later joined in this exceedingly important decision. This action, said the *Times*, constituted a reminder to Austria and Bulgaria, as well as an encouragement to Turkey to persevere in her attitude of correct and dignified reserve, and in her confidence in the determination of the Western Powers to see that justice and legal methods are substituted for lawlessness and aggression.

This attitude was maintained in the negotiations which followed with the Powers up till the end of the year, and was backed by representations from the Powers to the Balkan States as occasion required. Meanwhile the elections to the new Parliament took place, resulting in the return of a large majority of Ottomans, largely owing to the inability of the Christians to sink their racial differences and combine.<sup>1</sup> On December 17 Parliament assembled in the same hall as Midhat's abortive creation. The Sultan drove through vast crowds of his applauding subjects, and opened Parliament in a dignified speech, which contained a solemn promise that his grant of the constitution was irrevocable. He subsequently accepted as President of the Parlia-

<sup>1</sup> The proclamation of the constitution had induced the bands to suspend their activity, but they did not surrender their arms and ammunition. The result was that fresh outbreaks took place towards the end of 1908, which formed the subject of a discussion in the Turkish Chamber of Deputies on January 30, 1909. Hilmi Pasha, Minister of the Interior, formerly Inspector-General, announced that the Government had ordered the confiscation of arms from all not duly authorized to carry them. He further stated that the essential cause of the antagonism between the various elements of the population in the Rumelian vilayets was the question of the ownership of the churches, and expressed the belief that it would be found best to authorize the minority in each village to build their own church (*Times*, January 31, 1909).

ment Ahmed Riza, one of the best-known leaders of the Young Turkish movement. Many of the other European Parliaments sent addresses of welcome, and expressed hopes for the success of this assembly. The difficulties before it are immense. Quite apart from problems of foreign policy, there are the pressing questions of internal reorganization, and above all of finance, and to deal with these there are the Parliamentary difficulties of a membership far from homogeneous, and the want of men with Parliamentary experience to cope with reaction and to propose sensible reforms. The programme of necessary internal reforms will require in more than one respect the approval of the Powers. The economic relations of Turkey with foreign Powers are governed by treaties of commerce of 1861 and 1862, the stipulations of which were prolonged in 1890 until the conclusion of new conventions, and to a subsidiary degree by the ancient treaties and capitulations. It was to the treaty of 1862 that Austria-Hungary appealed when suffering from the Turkish boycott of her goods which followed the annexation of Bosnia-Herzegovina, and under it she pretends to hold the Porte liable for any damage she may suffer from this movement.

According to Sir Adam Block, the present arrangements may be summed up as follows :

1. Internal commerce is free, and foreigners in this respect are assimilated to "most favoured" Ottoman subjects.

2. Exports are subject to an *ad valorem* duty of 1 per cent., with the exception of tobacco in all its forms, and of salt, which are exempt from export dues.

3. Goods on transit pay a duty of 1 per cent.

4. Imports are subjected to a duty of 8 per cent. *ad valorem*, and an additional duty of 3 per cent. imposed in 1907 for a period of seven years, the latter being assigned to a specified definite object. The import of tobacco in all its forms, and of salt, being monopolies, and of war material, is prohibited.

5. Articles of Ottoman origin imported into foreign countries enjoy "most favoured nation" treatment.

6. Foreigners are assimilated to Ottoman subjects in matters of real estate, except in the Hedjaz.

7. Except in regard to real estate, foreigners are exempted from direct taxation in Turkey, unless with the consent of the Government to which they belong.

8. Excepting tobacco and salt, no monopolies can be created.

Sir Adam proposes—

1. The grant of independent right to fix import dues in a measure to be decided by the industrial and financial interests of the Empire.

2. Assimilation of foreigners to natives in the matter of taxation, and in the methods of collection and control.

3. Establishment of monopolies.

The question of post-offices is, in Sir Adam Block's view, more a question of amour-propre than financial necessity.<sup>1</sup> These facts and proposals have to be stated in order to make clear the tendency of the Austrian offers to the Porte, which are said to have included at one time or another permission to consent to the establishment of a monopoly on petroleum, and which in the memorandum handed to the Grand Vizier on December 23, 1908, by the Austro-Hungarian Ambassador at Constantinople, embodied the following items:

1. Austria-Hungary is ready to consent to the immediate increase of the Turkish Customs duties to 15 per cent., and will agree to the future conclusion of a commercial treaty which will permit a further increase.

2. Austria-Hungary will agree to close her post-offices in the Ottoman Empire should the other Powers adopt the same course.

3. Austria-Hungary will agree to a modification of the capitulation under the same conditions.

4. Austria-Hungary undertakes to renounce her religious protectorate over the Albanian Catholics.

<sup>1</sup> *Times*, December 14, 1908.

These offers were made in the first instance unconditionally. They were not accompanied by any offer of pecuniary compensation or any offer to take over any part of the Ottoman debt, without which it is unlikely that the Turkish Government would accept them. But later an offer of £2,500,000 was made and accepted for the *Vakouf* and Crown lands, all contributions to the Ottoman public debt being refused by Austria.<sup>1</sup> These subjects do not involve any extension of the Conference programme submitted by the Porte to the six Powers on November 18, 1908 :

1. The determination of the juridical status of Eastern Roumelia.

2. The determination of the juridical status of Bulgaria, and of the amount due to Turkey on account of the unpaid Bulgarian tribute and share in the Ottoman debt, and also for the arrears of Eastern Roumelian tribute.

3. The determination of the juridical status of Bosnia and the Herzegovina.

4. The determination of the compensation due to Servia and Montenegro, provided that such compensation is entirely in conformity with Turkish interests.

5. The abrogation of Articles 23 and 61 of the Treaty of Berlin, as being to all intents and purposes annulled by the re-establishment of constitutional government in Turkey.

6. The modification of the capitulations on the lines already given, the abolition of foreign post-offices, and the abrogation of such clauses of the capitulations as restrict the commercial freedom of the Ottoman Empire.

7. Turkey will raise no opposition to the discussion of the modification of Article 29 of the Berlin Treaty as sketched by the Montenegrin Government, which demands the withdrawal of the Austrian police and quarantine administration from Dulcigno and Antivari.

The question of compensation for the occupied

<sup>1</sup> *Times*, January 12, 1909.

provinces was not then raised, on the ground that such a demand would be tantamount to a recognition of the annexation. The questions relating to Crete are reserved to the decision of the four protecting Powers—England, France, Russia, and Italy.

The necessity of carefully limiting the programme of a Conference is evident when it is considered that there are imminent such thorny questions as that of the closure of the Dardanelles, which has been excluded by the self-denying loyalty of the Russian Government, and the question of the Bagdad railway concessions, including those extorted from the Porte just before the revolution of July, which impose an intolerable burden on Turkish finance in favour of a group of German financiers.

## 6. THE EUROPEAN OUTLOOK.

Finance is the real crux of the whole situation at the present time. The Turkish debt amounts to something like £100,000,000, the floating debt is a large sum estimated at between £15,000,000 and £20,000,000, and the annual deficit of the Ottoman Budget is about £3,000,000 on a total of £20,000,000. Servia and Bulgaria are in need of money, and likely to appeal to their financial supporters for a loan. Russia, it is announced, will on January 22 float a loan in Paris for £48,000,000.<sup>1</sup> The German deficit on the Imperial Budget is £25,000,000, on the Prussian Budget £8,800,000. Italy is reeling under the disaster in Sicily, and by no means inclined at the moment for foreign adventures. Austria-Hungary has spent large sums, estimated at more than £6,666,000, on her armaments,<sup>2</sup> and has heavy losses to face in her trade owing to the ever-extending boycott of her goods. As M. Hanotaux recently observed, "It is the Stock Exchange just now which

<sup>1</sup> The Russian loan was successfully floated in January.

<sup>2</sup> *Times*, March 6, 1909.

is the *ultima ratio*," and it may decide the question in favour of peace.<sup>1</sup>

Nevertheless there are serious dangers. Baron von Aehrenthal, according to his supporters in the press, set out to make an end of the system of *ententes*, that web of peace which the British Government has been so patiently weaving, and which neither at Reval nor elsewhere was a menace to any Great Power. He claimed for his action in October the previous assent of Russia, Italy, and Germany. Germany, while disclaiming any previous knowledge of the annexation, has through her Chancellor stated, "We leave no doubt as to the unshakable steadfastness of our alliance [with Austria-Hungary], and the seriousness with which we regard our duties as an ally." Moreover, the German interest in the Near East, which is commercial, is as much threatened as that of Austria by the new development in Turkey. It can hardly be expected, for instance, that any Government managed by the Young Turks will allow such robbery to be continued as that perpetrated on one section of the Bagdad railway, where the German capitalists have, with a capital of £300,000, pocketed £1,243,000—that is, 400 per cent.—in one year.<sup>2</sup> At any rate, German public opinion is in a nervous condition with regard to the position in the Ottoman Empire. In the paper from the *Deutsche Revue* which the Kaiser read to his Generals on New Year's Day occurs the statement that the iron ring forming round Germany remains open on one side only, that of the Balkans. "The aperture has not yet been closed by Turkey, Servia, and Montenegro." It is not impossible that an alliance between Turkey and the other Balkan States should take place. The question arises, What will be the effect of such a combination on German nerves?

Italy, in spite of the fact that Signor Tittoni's speech

<sup>1</sup> The supplementary estimates to be laid before the delegations in the autumn of 1909 will exceed £21,000,000, which represents the total cost of the annexation to the Exchequer up to the end of April (*Times*, May 1, 1909).

<sup>2</sup> Cf. Fraser, "The Short Cut to India," *Spectator*, March 13, 1909.

at Carate, in October, seemed to show, not only previous knowledge of, but also compliance with Austrian designs, has ranged herself on the side of the maintenance of international agreements, after a remarkable outburst of public sentiment signalized in the Italian Parliament, on December 3, by the fiery words of Signor Fortis. "The only Power," said the ex-Premier, "with whom Italy has to fear a war is Austria our ally, whose armaments are directed against Italy. If Austria does not modify her attitude, the Government should demand fresh sacrifices to place the military forces of the country on a footing to deal with the situation." The Triple Alliance, however, is in force till 1912, and we now know that, although that agreement does not involve the Trentino, it does safeguard Italy's demand for eventual compensation in Albania, in case of alterations in the Balkan *status quo*.

Russia's relations to Austria are, perhaps, most important of all in the present crisis. The question of the annexation of Bosnia and the Herzegovina was no doubt mentioned to M. Isvolsky at Buchlau as a possible contingency, and Russia not long ago was under special obligations to Austria, in which the occupied provinces played a part. But it appears that the present Russian Government is neither inclined to condone the breach of international obligations nor to abandon the minor Slav nationalities. In his speech to the Russian Parliament on December 5, M. Isvolsky even suggested the very plan of a Balkan confederacy, which would not only complete the iron ring, but would be a death-blow to Baron von Aehrenthal's hopes of economic development. Moreover, one must recollect that, though Russian Parliamentary government has made an Anglo-Russian *entente* possible, the Duma has no more control over the feelings of the Russian people in 1909 than had Alexander II. in 1876; and that even if M. Isvolsky had promised support to Austria, as Signor Tittoni apparently did, he would have had to draw back.

Another disquieting fact is that in the last few months there seems to have grown up in Bosnia and the Herzegovina a spirit of discontent and revolt outside the towns, of which there was no trace in September, 1908. The Austro-Hungarian army has a firm grip of the country, but an attack by Serbia and Montenegro might now arouse strange echoes.

Within the dual monarchy things are not in the happiest position. In Hungary—once the ‘hurrah’ moment of which Dr. Kramarsch spoke in the delegation in October was passed—doubts seem to have arisen as to the position of the occupied provinces, and their relation to Croatia-Slavonia and the other South Slav provinces of the dual monarchy, doubts which it would be easier to settle after a war than before. In Austria there have been, it is true, pro-Servian outbursts at Prague, racial riots at Trieste, and the constant opposition of the social democratic party, in the Austrian Parliament, to the new policy. Yet Bohemia is loyal to the dynasty, and there is no doubt that from one end of the monarchy to the other there is a warlike undercurrent of proud satisfaction at the reassertion by the Hapsburg State of its position in Europe.

But to my mind the most serious fact for the near future is that, as I have pointed out above, the economic interests, not only of Austria-Hungary, but also of the German Empire, are seriously compromised by the success of the new régime in Turkey, though, of course, we do not yet know if that success can be permanently maintained against the forces of reaction.<sup>1</sup> As far as one

<sup>1</sup> Kiamil Pasha, the first Turkish Premier, was at first enthusiastically acclaimed by all parties, but later he favoured decentralization and the Liberal Union Committee, a body composed of non-Turkish members of Parliament, chiefly Greek, and opposed to the Young Turks. On February 14, having manifested reactionary tendencies, he was overthrown, and Hilmi Pasha took his place as the nominee of the Committee of Union and Progress, otherwise of the Young Turks. On February 26 Hilmi completed the agreement with Austria (printed in the Appendix) which Kiamil had inaugurated. After Kiamil's overthrow a new force appeared, the Mahommedan League, which was bigoted and reactionary, and received the support of the softas and hodjas. On April 12 the Hilmi Cabinet was overthrown, and the Young Turks were swept out of Constantinople by a revolution engineered by the



can judge at the present time, if it is true that, in the Far East, Kiaochow and the millions sunk there by Germany are merely a hostage to Japan for Germany's good behaviour, it is equally true that the Bagdad railway and the commercial position which Germany has built up at Constantinople, to some extent by questionable means, are hostages which she has given to fortune in the Near East. Moreover, it is at least open to doubt whether any treaty can retrieve the commercial position which Austria-Hungary till recently enjoyed in the Near East.

For the moment the best policy for Austria-Hungary would appear to lie in making a separate agreement with Turkey, so as to prevent the realization of the union of the Balkan States under Turkey, and to deal separately with Serbia and Montenegro.<sup>1</sup> If she can succeed in this, she will probably have no objection to the meeting of a conference to give European sanction to any arrangements she has made, in so far as they affect the position laid down by the Berlin Treaty. But apart from the immediate danger of a war arising from some frontier incident, there is always the risk that Austria-Hungary may feel the wish to have done once and for all with the constant friction that Serbia stirs up in the South Slav provinces. The dual monarchy is now able to deal once and for all with her puny but irritating adversary, and may brush on one side the contention that, because Serbia was created by the Congress of Europe, that creation involves a permanent protection on the part of the Great Powers.

This question of boundaries and nationalities may thus be the pretext of a war which will ultimately be waged to decide the economic question, for it seems

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Mahommedan League, probably with the knowledge of the Sultan. With very little delay the Young Turks advanced on Constantinople from Salonika, and took possession of the capital on April 24. On April 27 Abdul Hamid was deposed, and his brother Reshad proclaimed Sultan with the title of Mahommed V.

<sup>1</sup> This has been done by the agreement signed on February 26.

doubtful whether the German Emperor and his Austro-Hungarian ally can submit to the loss of prestige and predominance in the Near East, with which they are now threatened, without an appeal to arms. The German Emperor and the German nation may be in favour of peace, but the decision is in the hands of Baron von Aehrenthal. Prince Bismarck's warning has been neglected by his successors, the bridge to St. Petersburg has been broken down, and Austria-Hungary has been able, as Prince Bismarck predicted, to substitute for the original *casus fœderis*, which only provided for measures necessary to repel a Russian attack on Austria, some provision safeguarding her interests in the Balkans and the Near East, "where the German Empire has now a large stake too."<sup>1</sup>

The temptation to Baron Aehrenthal to strike at the present moment will be very great. He has all the cards in his hands. He alone is prepared for war. No one else is either ready or willing to fight. Will he submit the victory which seems to be within his grasp to a European Conference, instead of confronting the Powers with a *fait accompli*?

Sir Edward Grey said at Scarborough that Foreign Governments and our own live from hand to mouth, and have fewer deep-laid plans than people might suppose. Sir Edward always speaks with knowledge, and if what he said is intended to apply to the Foreign Offices at Berlin and Vienna, as well as to those of Paris, Rome, and Madrid, and to that of St. Petersburg under its present management, the prospects of peace are good. But, for my own part, "*Haud dubito quin res spectet ad castra*," and whatever may have been the event of previous joint action on the part of the Houses of Hapsburg and Hohenzollern, in this case, I think, it is not the House of Hapsburg which will lose by the alliance.

From the point of view of Great Britain, for the moment at any rate, whether we like it or not, our

<sup>1</sup> Bismarck, "Reflections and Reminiscences," vol. ii., pp. 248, 273.

interests and policy appear to be diametrically opposed to those of the dual monarchy. Commercially, of course, the advance of Austria-Hungary in the Balkans would mean, as in Bosnia, the elimination of British trade.<sup>1</sup> Politically we have thrown in our lot with the Young Turks, who are in the long run threatened by the Austro-German alliance. But in the present crisis one is glad to say that our policy has been from the first grounded on other than merely material interest. Sir Edward Grey has taken his stand, as Lord Rosebery did before him, on the sanctity of international engagements, as well as on the desirability of the maintenance of peace and the development of self-government in Turkey.

The causes of the present troubles have their roots, no doubt, in the remote past. But among them is that recent and wonderful wave of reforming constitutional effort which, at the end of the Russo-Japanese War, spread over the Eastern World, and eventually reached Constantinople. In the West, the upheaval in Russia, which was quite as much a consequence of what preceded the war as a result of the war itself, led to the constitution of the Duma. The Duma rendered possible what had hitherto seemed impossible—namely, an understanding between Russia and Great Britain, the two

<sup>1</sup> The following table (taken from the *Times* of March 26, 1909) shows the British import trade with Turkey in recent years, as well as that of our principal competitors :

IMPORTS INTO TURKEY.

				Average of Five Years, 1896-1900.	Average of Five Years, 1901-1905.	1906.
				£	£	£
United Kingdom	...	...	...	5,701,000	6,682,000	8,352,000
Austria-Hungary	...	...	...	2,431,000	3,412,000	4,125,000
France	...	...	...	1,887,000	1,964,000	2,365,000
Germany	...	...	...	1,629,000	2,773,000	3,555,000
Italy	...	...	...	1,344,000	2,375,000	3,545,000
Russia	...	...	...	1,521,000	1,858,000	1,538,000
Belgium	...	...	...	609,000	785,000	1,326,000

great rivals in Central Asia. After that understanding, and as a logical outcome of it, real reform in Macedonia became possible. The proposals of Sir Edward Grey at the commencement of 1908 amounted to separating Macedonia from the Turkish Empire, and, taken with those of M. Isvolsky, undoubtedly led to the precipitation of the Young Turk movement and the success of the reformers at Constantinople.

The record of the Powers for the past twenty years at Constantinople does no credit either to Christianity or to civilization; but if the policy of Great Britain since 1880 has been as feeble and as wanting in continuity as that of the other great nations, she, at any rate, never "cowtowed" to the system of Abdul Hamid either for the sake of immediate political, commercial, or economic privileges. To that fact she owes her position at Constantinople at the present moment (January, 1909), which is probably higher in every way than that occupied by any Power there since the Crimean War. But that position brings with it great difficulties and responsibilities.

We are committed not only to assist the Young Turks against reaction, but also to help them to solve the political, economic, educational, and social problems by which they are confronted.

The only weapon ready to our hands is that of the European concert by which Prince Metternich hoped to govern Europe at the commencement of the last century, reinforced by a more enlightened and democratic public opinion.

The position in which we are entrenched at Constantinople is one which both Austria-Hungary and Germany covet, and which it has long been the ambition of Russia to fill. Our record in India and Egypt inspires the Mohammedan world with confidence in our proceedings, which can only be carried to a successful issue by the exercise of the utmost tact and the most complete straightforwardness. We have the undoubted sympathy of France and Italy, and within limits the cheerful con-

currence of Russia ; but the reactionary forces in Turkey may still get the upper hand, and then it will require something more than a hand-to-mouth policy to meet the complications which will inevitably ensue with the Balkan States, the dual monarchy, and the German Empire.

Probably before these lines are printed, certainly before this book is published, a definite and decisive line will have been taken by Baron Aehrenthal. Meanwhile it is only fair to Austria-Hungary to say that much of the criticism which has been showered on that country by the British Press since the autumn would have produced a more adequate impression if England had not entered into a separate agreement with Turkey during the Berlin Congress, behind the backs of the Powers, if the occupation of Cyprus had brought to that island anything like the benefits conferred by Austrian rule on Bosnia-Herzegovina, or if Egypt had not been occupied by Mr. Gladstone, and retained ever since, for reasons which are perfectly sound, but which do not furnish a complete answer to criticism.

It is true that in the present crisis our policy has been from the first perfectly clear and straightforward, and that it has been made plain to foreign countries that that policy will be carried out whatever party may come into power. But we must not forget that to Austria-Hungary, in the opinion of many of her statesmen, now, if ever, the famous words of Prince Bismarck apply : " All contracts between great States cease to be unconditionally binding as soon as they are tested by the struggle for existence." Her action in October placed her in a similar position to that occupied by Russia with regard to Batoum in 1886, but with her the South Slav question is on a very different basis to that of the subject of Lord Rosebery's despatch. Her internal troubles, her external markets, her future as a naval power in the Mediterranean, are all deeply concerned in the decisions to be arrived at in the spring of 1909.

The Concert of Europe may not like her decision, and it is more than probable that it will not be in agreement with the present interests and policy of Great Britain. But let Europe fairly and squarely face the problems at home and abroad which Austro-Hungarian statesmen have to solve, and the Powers will probably come to the conclusion that in a thorough rearrangement of the Balkan Peninsula at the present time will lie the best guarantee of peace for the future. The sibyl will return again, but the price she will ask for European peace will be the same, and the chances of permanent peace will have sensibly diminished.<sup>1</sup>

Servia will no doubt have the cleverness to throw herself into the hands of Russia or into those of the Great Powers.<sup>2</sup> She may even give up her perfectly groundless claims to territorial, economic, or financial compensation. On the other hand, it is possible that Austria-Hungary may rest content with a new commercial treaty, but the South Slav centre of intrigue will remain as a festering sore, and there will be the

<sup>1</sup> *Times*, March 11, 1909.

<sup>2</sup> *Times*, March 10: The Servian note to the Powers, beginning with a preamble acknowledging the good offices of Russia, in the words "in accordance with the friendly advice of the Imperial Russian Government," announced that it had no intention of altering the juridical relations existing with Austria-Hungary, and desired to maintain its position of a friendly neighbour on the basis of reciprocity; that, as it considered the modification of Article 25 of the Treaty of Berlin a matter appertaining to the signatory Powers, it placed its cause in their hands without demanding from Austria-Hungary any compensation, territorial, political, or economic. *Times*, March 11: The terms of the preamble were regarded in Vienna as tantamount to a recognition of a kind of Russian moral protectorate over Servia. On March 16 Austria partially mobilized her army, and Germany presented what was practically an ultimatum at St. Petersburg in support of Austria's wish for a recognition of the annexation. In spite of the promise given by Alexander III. in 1891, Nicholas II. acknowledged the annexation, and Servia was obliged to make a complete submission on March 30. *Times*, November 4, 1908, March 31, 1909: The commercial treaty was not concluded. The negotiations are still being continued, a fact which will be of great advantage to Austria.

Montenegro obtained somewhat better terms—namely, the abrogation of all the provisions of Article 29 of the Treaty of Berlin, restrictive of Montenegrin sovereignty, except clause 6, which is in future to run: "The port of Antivari shall retain the character of a commercial port. No constructions shall be erected which could change it into a war port." The submission of Montenegro was communicated in a note to Italy on April 8 (*Times*, April 9, 1909).

heavy bill to face for putting the Austro-Hungarian army on a war footing.

In that case Baron Aehrenthal's critics will probably quote to him Prince Bismarck's sarcastic words pronounced more than thirty years ago: "The State [Austria] is a fine property, with excellent natural advantages and a great variety of valuable resources. But they [the Austrians] must always overreach themselves, and try to be more than they really are. The evil genius of the State regards as a necessity what is in reality mere luxury, self-conceit, and the desire to cut a figure in the world. Every now and then the State escapes out of its troubles by means of a lottery or of some not particularly respectable financial manœuvre, but then it suddenly puts forward fresh claims to a position beyond its means, presumes to play the part of a Great Power, squanders millions on mobilization, and then sinks deeper and deeper into financial difficulties."<sup>1</sup>

Although Austria-Hungary can well afford to disregard such sarcasm, it is probable that most of the members of the delegations to whom Baron Aehrenthal is responsible will be of opinion that, if it was worth while to incur the general unpopularity involved in the policy pursued for some months past, it is worth while to pluck the fruits of that policy while there is yet time.

In any case, the difficulties which the British Foreign Office has to face are immense, and an ideal policy is probably impossible to realize, but it seems doubtful whether we can go on living from hand to mouth. It is well to face the fact that the era of nationality and boundary questions is drawing to a close, the era of economic questions as the causes of war and peace dawning. It is worth the while of Europe and of Great Britain to finish with the one, if it is possible, before embarking on the other.

The last stronghold of nationality problems as opposed to economic questions is in South-Eastern Europe, and

<sup>1</sup> "Bismarck : Some Secret Pages of History," Busch, vol. i., p. 363.

there they present what seems at first a hopeless tangle. Something would be gained if Europe would recognize the fact that Serbia as a State is both worthless and corrupt, and had better cast in its lot with the dual monarchy, and try to realize the destiny of the Servian nation as one of the South Slav provinces of Austria-Hungary; that Montenegro is essentially a feudal, medieval little State which it is hopeless to expand, and which left by itself will be harmless enough in its independence; that Albania cannot be satisfactorily governed from Constantinople; and that a strong Bulgaria, a strong Roumania, and a concentrated Turkish Empire, are the best guarantees for the peace of the Balkans, and consequently of the whole of Europe, of which they are now the storm-centre.

To sum up—the interests of permanent peace would be served if Serbia were absorbed by Austria,<sup>1</sup> Montenegro left within her present boundaries, and Albania placed under an independent Prince, preferably of the Italian Royal Family. Bulgaria is the one really promising Balkan Power with grit and capacity. To Bulgaria, therefore, Macedonia, with its small Turkish population and its terrible administrative racial and religious difficulties, might be handed over.<sup>2</sup> The vilayet of Adrianople, with Constantinople and Turkey in Asia, might be reorganized on the Egyptian model, and supported, if necessary, by troops from India.

<sup>1</sup> It should be said that Baron Aehrenthal has expressly repudiated the idea of any kind of territorial annexation again and again. His policy, however, seems to be to enforce such a complete commercial domination as to engender a desire among the Serbs of Serbia to join their brother Serbs in the dual monarchy, and there work out the Pan-Serb idea under the Hapsburg sceptre. This policy has the extra advantage that it enables Austria-Hungary to keep alive, and eventually, if desirable, to avail herself of the Servian claims to the valley of the Vardar and the road to Salonika, which were contemplated in the secret treaties of 1881 and 1888, published in the *Fortnightly Review*, May, 1909. Clause 4 of the latter treaty provides: "If Serbia faithfully discharges her obligations, Austria promises to support her in a policy of territorial increase in the direction of the valley of the Vardar as far as circumstances will permit Serbia so to do."

<sup>2</sup> The negotiations between Turkey and Bulgaria have been concluded, thanks to the intervention in February of the Russian Government, which undertook to make good the difference between the amount offered by Bulgaria



The Greeks are, it is to be feared, absolutely useless from the point of view of military or civil administration, whatever their talents as politicians. It would be to the advantage of the prospect of peace if they were plainly told that Europe would give them no help towards realizing their megalomania.

The key of any such reorganization of the Balkans would be finance, and the debt of the Ottoman Empire would have to be distributed to the new rulers with adequate guarantees for its payment. It does not seem to occur to the minor Powers of the Balkans, who clamour for the intervention of Europe, that they have not yet carried out the financial conditions under which their territories were rearranged at the Berlin Congress.

The proposals outlined above will, of course, not gain ready acceptance. They may be regarded as premature, and as the prelude to, rather than a preventive of, a European war; or, again, as propositions only to be discussed at a European Congress when the day of Armageddon is over. But the struggle is coming slowly but surely, whether we like it or not, and it is better to have a concrete and definite plan of what the interests of permanent peace (which are, after all, British policy in a nutshell) demand in these days, when British policy must be made intelligible, not only to the public at home, but to the public in the British dominions beyond the sea.

The public has to recognize that the events of recent years have shifted the European centre of gravity to Vienna, and that Austria-Hungary is becoming more and more a powerful Slavonic State with far-reaching

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(£3,280,000) and the amount demanded by Turkey (£5,000,000) for the surrender of Turkey's suzerain rights, by cancelling a portion of the debt due from Turkey to Russia for the war indemnity.

When, however, on April 27, the last of the Great Powers had acknowledged the independence of Bulgaria, it was announced that King Ferdinand would assume the title of Tsar of the Bulgarians instead of Tsar of Bulgaria, thus asserting a claim to make the kingdom conterminous with the exarchate—that is, to include all the Bulgarian population of Turkey.

ambitions, one of which is that of becoming the first naval Power in the Mediterranean.

In her path in the Near East lie not only the petty States of Servia and Montenegro, but also the more substantial kingdoms of Roumania and Bulgaria, who are the natural allies of the Power that rules at Constantinople. On the other hand, the Power which at present holds Constantinople, with its matchless commercial and strategic position, and its impregnable harbour of the Golden Horn, is the determining factor in all Mohammedan problems, and its policy must be of vital importance to Great Britain from that point of view alone.

No one can raise the veil of the nearer or remote future. For the moment (January, 1909) a struggle between Austria and Russia with regard to Servia, with Germany as honest broker, seems imminent, even though M. Isvolsky told Baron Aehrenthal at Buchlau that Russia would not go to war on account of the annexation. Whether that struggle takes place or whether a compromise is eventually reached, the essential fact for British statesmen to bear in mind is that the wire between Berlin and Petersburg has now been cut, and that, whatever the hostility between Austria and Russia now is, it is nothing to the solid, well-grounded hatred of Russia for Germany, which will grow deeper as the bitter cry from Prussian Poland sounds louder and louder in the ears of the Duma, which hitherto has not been very sympathetic to the Polish nation. The day of reckoning, then, between Russia and Germany will draw slowly on. Meanwhile it will no doubt be to the interest of Germany to repeat the tactics which Prussia so successfully employed, first against Austria, then against France, a generation ago, and deal with her enemies in detail.

Great Britain must recollect that she is one of those enemies in the eyes of a very large portion of the German people. Personally I have always been a believer in a good understanding with the German

Empire, and shall remain faithful to that belief so long as the two-Power naval standard which has been agreed to by both great political parties is scrupulously maintained by Great Britain. The moment that standard is put on one side, the danger of war, which has been very real more than once in recent years, will become imminent. The outbreak of war will depend partly on German nerves and partly on the occurrence of a favourable opportunity. There is no doubt whatever of the pacific intentions of the German commercial world, still less of the pacific intentions of many distinguished German statesmen, diplomatists, and professors, not to mention socialists; but when it comes to the pinch they simply will not count. No one in the analogous classes in Prussia desired war with Austria in 1866, but it was brought about by clever management.<sup>1</sup>

I have watched the growth of the *furor Teutonicus* against England from the days when, as a student in 1884, I listened to the lectures of Professor von Treitschke at the University of Berlin, down to the present year of grace 1909, without the slightest fear for my own country. Peace and friendship with Germany are, to my mind, not only possible, but probable, and almost certain, so long as we maintain a crushing pre-eminence over both Germany and Austria-Hungary at sea, but no longer. Germany will not risk losing her trade which is worth much, or her colonies which are worth little, to her,<sup>2</sup> unless there is a reasonable

<sup>1</sup> The Prussian people were not anxious for war with Austria in 1866. On the contrary, during May and June the King was deluged with petitions entreating him to preserve peace and dismiss his terrible minister ("Camb. Mod. Hist.," vol. xi., p. 451).

The means by which the Franco-German War was brought about have been recorded above (p. 645). The latest official explanation of the Kruger telegram by Prince Bülow is that "it was an act of State, and the result of official councils (*Amtliche Beratungen*). It was in no way an act of the personal initiative of His Majesty" (*Times*, March 30, 1909). This leads one to believe that the Kruger telegram was only an Ems' telegram which failed.

<sup>2</sup> Dawson, in "The Evolution of Modern Germany," lays stress on the fact that the German colonies have not only so far been a material burden (£32,000,000-up to 1906), but have also inflicted tremendous moral damage

prospect of success. Once our naval pre-eminence is in jeopardy, it is merely a question of time when we shall be attacked by the Germans, because they will reckon on our being obliged to detach a strong squadron to the Mediterranean to keep in check the new first-class naval Power now rising there. The object of Austria-Hungary is supremacy on land and sea in South-Eastern Europe, though she has no inherent hostility to us, and, indeed, recent events apart, is well disposed towards us. The goal of German ambitions is the supremacy now held by Great Britain in the world at large. In both cases the ambition is perfectly legitimate, and no one can wonder that it is entertained.

For the present, as far as one can judge, the direction of policy is in Baron von Aehrenthal's hands, and it is therefore probable that the immediate object on which the Austro-German alliance will concentrate is the Near East, where both allies are deeply interested.

If this is so, Great Britain may have a respite, for, perhaps, by the *divina fortuna reipublicæ* another of Prince Bismarck's fears may be realized, once the Near Eastern Question is in process of settlement to the satisfaction of Austria-Hungary. Russia and Austria-Hungary, the two great Slavonic Powers, may come to an understanding, and there may be a repetition in the twentieth century of the *entente* realized under Joseph II. and Catherine II. in the eighteenth century, and again at Reichstadt in the nineteenth. Permanent alliances and treaties do not prevent war and plans of war between allied and friendly States, for, to use Prince Bismarck's own words, it would be impossible to embody German relations with Austria "in any more binding treaty form than the earlier confederation treaties, which in theory excluded the possibility of the Battle

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on the Empire. The stories of acts of "slavery, violence, cruelty, illegality, and lust" committed both by officials and planters in German colonies, as recorded in German official documents, constitute a terrible indictment of German society as well as of German administrative capacity (Dawson, p. 371).





of Königgrätz." Again, as we have seen, the help given to Austria at Vilagos did not make her support Russia during the Crimean War.<sup>1</sup> If such an Austro-Russian *entente* were to take place, it would be found that the Polish Question is the heel of the German Achilles.<sup>2</sup> But no English statesman in his senses would reckon on such chances.

The one position for Great Britain is that of the strong man armed, and the one motto, in the very perilous times in which we live, is that Forewarned is forearmed. "Si vis pacem para bellum." In other words, it cannot be too clearly stated that, valuable as are the *ententes* on which we have recently entered, an *entente* is not an alliance like that now existing

<sup>1</sup> Compare Prince Bismarck's "Reflections and Reminiscences," vol. ii., pp. 248-290; Busch's "Bismarck: Some Secret Pages of History," *passim*.

<sup>2</sup> On this subject Bismarck has supplied some valuable observations:

1. "The field in which Russia can make offers (to Austria) is a very wide one. There is not only the East at the expense of the Porte, but Germany at our expense."

2. "There were diplomatists at that time (the Crimean War) who made the restoration of Poland under Austrian patronage one of the items of their programme."

3. "In the Polish question Austria is confronted by no such difficulties as for us are indivisibly bound up with the re-establishment of Polish independence—difficulties incidental to the readjustment of the respective claims of Poles and Germans in Poland and West Prussia, and to the situation in East Prussia. Our geographical position and the intermixture of nationalities in Silesia compel us to retard, as far as possible, the opening of the Polish question, and even in 1863 made it appear advisable to do our best, not to facilitate, but to obviate, the opening of the question by Russia" ("Reflections and Reminiscences," vol. i., p. 342).

4. "Tsar Alexander was at that time not indisposed to withdraw from part of Poland—the left bank of the Vistula at any rate—so he told me in so many words. . . . 'Poland,' he said, 'was for Russia a source of unrest and dangerous European complications. Its Russification was forbidden by the difference of religion, and by the defective capacity for administration among Russian officials'" (i., p. 336).

With these passages may be compared those of W. H. Dawson in "The Evolution of Modern Germany": "In many districts of West Prussia, Poland, and Silesia the Poles form the great majority (90 per cent.) of the population, while the aggregate numbers of Slavs in these entire provinces is 12 per cent. of the whole" (p. 469). "Colonization and Germanization have absolutely failed, £12,000,000 have been spent, and the Prussian Government's last report says: 'Polonism during the last twenty years has gained both economically and in inner power'" (p. 484). "The Pole stays, the German goes. That is the wretched Polish question in a nutshell" (*National Zeitung*, quoted by Dawson, p. 488).

between Austria-Hungary and Germany, and our partners do not mean to fight for us. In the last resort Great Britain stands alone. It has been the object of this volume to place before the public of Great Britain the exact position—commercial, industrial, and financial—of one of the Great Powers temporarily, and it is to be hoped only temporarily, in antagonism to us.

In conclusion, I will record my belief that, whatever the result of the present crisis, in spite of racial and religious differences, in spite of internal and external dangers, the dual monarchy of Austria-Hungary will still remain a European necessity, and will in the future have even a greater part to play in the history of the world than in the past. In fact, the warlike races of the Hapsburg realms may go far towards realizing in Europe the proud device of the Emperor Frederick III., “*Austria erit in orbe ultima*” (A.E.I.O.U.).



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## APPENDIX

### I.—AUSTRIAN FUNDAMENTAL LAWS

LAW OF DECEMBER 21, 1867, No. 141, IMPERIAL STATUTE BOOK, WHEREBY THE FUNDAMENTAL LAW OF THE REPRESENTATION OF THE EMPIRE, OF FEBRUARY 26, 1861, IS AMENDED.

*(As amended by the Laws of April 2, 1873, and November 12, 1886.)*

WITH the consent of both Houses of the Reichsrath, I decide to amend the Fundamental Law of February 26, 1861, on the Imperial Representation, and the same is to run as follows:

1. The Reichsrath is convened for the common representation of the Kingdoms of Bohemia, Dalmatia, Galicia, and Lodomeria, with the Grand-Duchy of Cracow, of the Archduchy of Austria, below and above the Enns, of the Duchies of Salzburg, Styria, Carinthia, Carniola, and Bukowina, of the Margravate of Moravia, of the Duchy of Upper and Lower Silesia, of the County Palatine of the Tirol, and of the territory of Vorarlberg, of the Margravate of Istria, of the County Palatine of Goritz and Gradisca, and of the town of Trieste with its district. The Reichsrath consists of the House of Lords and the House of Deputies.

No one can be a member of both Houses simultaneously.

2. The Princes of the Imperial House who have attained their majority are members of the House of Lords by birth.

3. Having attained their majority, the heads of those indigenous noble families who by reason of extensive landed property are prominent in the kingdoms and territories represented in the Reichsrath, and on whom the Emperor confers the hereditary dignity of membership of the Reichsrath, are hereditary members of the House of Lords.

4. All Archbishops and those Bishops to whom princely rank belongs by virtue of their high ecclesiastical dignity in the realms and territories represented in the Reichsrath, are members of the House of Lords.

5. It remains reserved to the Emperor to appoint as life-

members of the House of Lords distinguished men—from the realms and territories represented in the Reichsrath—who have rendered service in State or Church, Science or Art.

6. Three hundred and fifty-three members are elected to the House of Deputies, and the number is fixed in the following way for the separate kingdoms and territories, to wit :

For the Kingdom of Bohemia ... ..	92
For the Kingdom of Dalmatia ... ..	9
For the Kingdom of Galicia and Lodomeria, with the Grand-Duchy of Cracow ... ..	63
For the Archduchy of Austria below the Enns ...	37
For the Archduchy of Austria above the Enns ...	17
For the Duchy of Salzburg ... ..	5
For the Duchy of Styria ... ..	23
For the Duchy of Carinthia ... ..	9
For the Duchy of Carniola ... ..	10
For the Duchy of Bukowina ... ..	9
For the Margravate of Moravia ... ..	36
For the Duchy of Upper and Lower Silesia ...	10
For the County Palatine of Tirol ... ..	18
For the territory of Vorarlberg ... ..	3
For the Margravate of Istria ... ..	4
For the County Palatine of Goritz and Gradisca ...	4
For the town of Trieste with its district ...	4

*Note.*—Sections 6, 7, 15, and 18, were amended by Law of April 2, 1873, No. 40, Imperial Statute Book.

To the above section Article 1 of the Law of June 14, 1896, No. 168, Imperial Statute Book, adds the following provision :

To the 353 members who are to be chosen for the House of Deputies from the electoral classes contained in the Orders of the Country, on the basis of Sections 6 and 7 of the Fundamental Law on the Representation of the Empire (Laws of April 2, 1873, No. 40, Imperial Statute Book, or November 12, 1886, No. 162, Imperial Statute Book), are added 72 members who are elected from a general electoral class to be designated by the letter E.

The fixed number of members for this electoral class is distributed among the several kingdoms and lands, and from this electoral class are to be chosen :

In the Kingdom of Bohemia ... ..	18
In the Kingdom of Dalmatia ... ..	2
In the Kingdom of Galicia and Lodomeria, with the Grand-Duchy of Cracow ... ..	15

In the Archduchy of Austria below the Enns	...	9
In the Archduchy of Austria above the Enns	...	3
In the Duchy of Salzburg	... ..	1
In the Duchy of Styria	... ..	4
In the Duchy of Carinthia	... ..	1
In the Duchy of Carniola	... ..	1
In the Duchy of Bukowina	... ..	2
In the Margravate of Moravia	... ..	7
In the Duchy of Upper and Lower Silesia	... ..	2
In the County Palatine of the Tirol	... ..	3
In the territory of Vorarlberg	... ..	1
In the Margravate of Istria	... ..	1
In the County Palatine of Goritz and Gradisca	... ..	1
In the town of Trieste with its district	... ..	1

The distribution of the members of the House of Deputies—to be elected according to this—among the single electoral districts is fixed by a special law.

*Note.*—See below, Section 7 (A) the Reichsrath's Election Ordinance.

7. (A) The number of members fixed for each country is divided among the electoral classes contained in the regulations for the country: (a) Of the great landed proprietors (registered in the land or feudal court), of those most highly taxed in Dalmatia, of the great proprietors among the nobles, together with the persons in Tirol indicated in Section 3 (1) of the Regulation of the Country; (b) of the towns (towns, market towns, manufacturing places, localities); (c) of the chambers of trade and manufacture; (d) of the country communes; and there are to be chosen—

*In the Kingdom of Bohemia:*

- 23 members from the electoral class a.
- 32 members from the electoral class b.
- 7 members from the electoral class c.
- 30 members from the electoral class d.

*In the Kingdom of Dalmatia:*

- 1 member from the electoral class a.
- 2 members from the electoral classes b and c.
- 6 members from the electoral class d.

*In the Kingdom of Galicia and Lodomeria, with the  
Grand-Duchy of Cracow :*

- 20 members from the electoral class *a*.
- 13 members from the electoral class *b*.
- 3 members from the electoral class *c*.
- 27 members from the electoral class *d*.

*In the Archduchy of Austria below the Enns :*

- 8 members from the electoral class *a*.
- 19 members from the electoral class *b*.
- 2 members from the electoral class *c*.
- 8 members from the electoral class *d*.

*In the Archduchy of Austria above the Enns :*

- 3 members from the electoral class *a*.
- 6 members from the electoral class *b*.
- 1 member from the electoral class *c*.
- 7 members from the electoral class *d*.

*In the Duchy of Salzburg :*

- 1 member from the electoral class *a*.
- 2 members from the electoral classes *b* and *c*.
- 2 members from the electoral class *d*.

*In the Duchy of Styria :*

- 4 members from the electoral class *a*.
- 8 members from the electoral class *b*.
- 2 members from the electoral class *c*.
- 9 members from the electoral class *d*.

*In the Duchy of Carinthia :*

- 1 member from the electoral class *a*.
- 3 members from the electoral class *b*.
- 1 member from the electoral class *c*.
- 4 members from the electoral class *d*.

*In the Duchy of Carniola :*

- 2 members from the electoral class *a*.
- 3 members from the electoral classes *b* and *c*.
- 5 members from the electoral class *d*.

*In the Duchy of Bukowina :*

- 3 members from the electoral class *a*.
- 2 members from the electoral class *b*.
- 1 member from the electoral class *c*.
- 3 members from the electoral class *d*.

*In the Margravate of Moravia :*

- 9 members from the electoral class *a*.
- 13 members from the electoral class *b*.
- 3 members from the electoral class *c*.
- 11 members from the electoral class *d*.

*In the Duchy of Upper and Lower Silesia :*

- 3 members from the electoral class *a*.
- 4 members from the electoral classes *b* and *c*.
- 3 members from the electoral class *d*.

*In the County Palatine of the Tirol :*

- 5 members from the electoral class *a*.
- 5 members from the electoral classes *b* and *c*.
- 8 members from the electoral class *d*.

*In the Territory of Vorarlberg :*

- 1 member from the electoral classes *b* and *c*.
- 2 members from the electoral class *d*.

*In the Margravate of Istria :*

- 1 member from the electoral class *a*.
- 1 member from the electoral classes *b* and *c*.
- 2 members from the electoral class *d*.

*In the County Palatine of Goritz and Gradisca :*

- 1 member from the electoral class *a*.
- 1 member from the electoral classes *b* and *c*.
- 2 members from the electoral class *d*.

*In the Town of Trieste with its District :*

- 3 members from the electoral class *b*.
- 1 member from the electoral class *c*.

(B) The apportionment of the members of the House of Deputies to be chosen in each electoral class in the single electoral divisions and electoral bodies is fixed by the Reichsrath's Election Ordinance.

(C) In the electoral class of the country communes, and in the electoral districts of the general electoral class formed exclusively from the judicial circuits, the deputies are chosen by electors chosen by those who are entitled to vote; but in the other electoral classes and in the remaining electoral districts of the general electoral class, they are chosen directly by those entitled to vote.

However, in territories in which the direct election of the

deputies of the Provincial Diet is fixed by statutory decrees of the country in the electoral class of the country communes, the members of the House of Deputies are also to be elected directly by those entitled to vote in the electoral class of the country communes, as also in all the electoral districts of the general electoral class.

The choice of the electors and of the deputies has to be arrived at by means of an absolute majority of votes.

If this majority of votes is not attained at one, or even, inasmuch as several deputies are still to be chosen, at a continued second ballot, if the votes are equally divided, it is decided by lot.

(D) Every Austrian citizen who has passed his twenty-fourth year, is his own master, and fulfils the other requirements laid down by the Reichsrath's Election Ordinance, or by the Law of June 14, 1896, No. 169, Imperial Statute Book, is entitled to vote.

*Note.*—This version of Subsections C and D was enacted by the law of June 14, 1896, No. 168, Imperial Statute Book.

(E) All persons of the male sex in each of the territories specified in Section 6, who have possessed Austrian civil rights for at least three years, and have passed their thirtieth year, are eligible and are entitled to vote in one of these territories, according to the directions of Subsection D, or are eligible in the Provincial Diet.

*Note.*—This wording of Section 7, Subsections A, B, and E, was enacted by the Law of April 2, 1873, No. 40, Imperial Statute Book, and of November 12, 1886, No. 162, Imperial Statute Book.

8. The public officials and functionaries elected in the House of Deputies need no leave of absence for the exercise of their mandate.

9. The Emperor appoints the President and Vice-President of the House of Lords from its members for the duration of the session.

The House of Deputies elects the President and the Vice-Presidents from its midst. Each House has to elect the remaining functionaries itself.

10. The Reichsrath is convened annually by the Emperor, in the winter months if possible.

11. The province of the Reichsrath embraces all affairs which relate to rights, duties, and interests, which are common to all the realms and territories represented in the Reichsrath, in so far as the same will not, in consequence of the Agreement with the Lands of the Hungarian Crown, be treated as common between these and the remaining territories of the monarchy. Therefore there belong to the province of the Reichsrath—

(a) The examination and ratification of the commercial treaties and of those treaties which burden the empire or part of the same,



or lay obligations on individual citizens, or involve a territorial change of the realms and territories represented in the Reichsrath.

(b) All affairs which relate to the method and manner, as well as to the order and duration, of military service, and in particular the annual granting of the number of the men to be levied, and the general directions relative to furnishing of relays, the maintenance<sup>1</sup> and quartering of the army.

(c) The fixing of the estimates of the Budget, and in particular the annual granting of the taxes, imposts, and duties, to be raised; the examination of the settlement of the State accounts, and the results of the financial policy and the issue of the absolutorium.

The contracting of new loans; the conversion of existing State debts; the alienation, conversion, and burdening, of immovable public property; the legislation on monopolies and royalties; and, generally, all financial affairs which are common to the realms and territories represented in the Reichsrath.

(d) The settlement of the monetary, mint, and bank note system, of the Customs and commercial affairs, as also of the telegraphic, postal, railway, navigation, and other imperial systems of communication.

(e) The Credit, Bank, privileges and industrial legislation, exclusive of the legislation on licensing (*Propinationsrechte*); further, the legislation on weights and measures, on patents and trade mark protection.

(f) Public Health (medicinal) legislation, as also legislation for protection against epidemics and cattle plagues.

(g) The legislation on civic rights and naturalization, on police regulation of foreigners and the passport system, as also on the taking of the census.

(h) On the relations of religious denominations, on the right of association and meeting, on the press, and the protection of intellectual property.<sup>2</sup>

(i) The fixing of the principles of public instruction with regard to the elementary schools and grammar schools (*Gymnasien*); further, the legislation as to the Universities.

(k) Legislation concerning criminal law and police-court law, as also civil law, exclusive of legislation on the internal organization of the public registers and on such subjects as belong to the province of the Provincial Diets, on the basis of the provincial ordinances and of this fundamental law; and, further, the legislation on commercial law and the law as to bills of exchange, maritime law, mining law, and feudal tenure.

(l) The legislation on the chief features of the organization of the office of the Court of Justice and of the administration.

<sup>1</sup> *Verpflegung* implies commissariat.

<sup>2</sup> This includes all creeds recognized by the State.

(m) The laws to be enacted, and there cited for the execution of the fundamental laws of the State, on the general rights of the citizens, on the Supreme Court of the Empire, on the judiciary power, the governmental power, and the executive power.

(n) The legislation on those subjects which concern the duties and relations between the single territories.

(o) The legislation relative to the form of the treatment of the affairs designated as common through the agreement with the territories belonging to the Hungarian Crown.

12. All other subjects of legislation which are not expressly reserved to the Reichsrath in this law belong to the province of the Provincial Diets of the kingdoms and lands represented in the Reichsrath, and are settled constitutionally in and with these Provincial Diets.

Should any Provincial Diet resolve, however, that one or another subject of legislation given over to it should be treated and settled in the Reichsrath, then such a subject passes over in this case, and with regard to the Diet in question, to the province of the Reichsrath.

13. Bills come to the Reichsrath as Government proposals. The right to propose laws on subjects within its province belongs to this body also.

The agreement of both Houses and the sanction of the Emperor is necessary for every law.

If, in spite of repeated deliberation, no agreement can be arrived at between the two Houses in a financial law as to single items of the same, or in the law regarding recruits as to the numbers (*höhe*) of the contingent to be levied, then the smaller figure is taken as granted.

14. If the pressing necessity of ordinances, for which constitutionally the assent of the Reichsrath is necessary, arises at a time when it is not assembled, the same can be enacted, under the responsibility of the whole Ministry, by means of an imperial ordinance, in so far as these have in view no alteration of the fundamental law of the State, relate to no lasting burdening of the State Treasury and no alienation of public property. Such ordinances have provisionally the force of law, if they are signed by the whole of the Ministers and are promulgated with express reference to this provision of the fundamental law of the State.

The legal force of these ordinances lapses (*erlischt*) if the Government has failed to submit the same for approval to the next Reichsrath, meeting after the proclamation thereof, and moreover, in the first place to the House of Deputies within four weeks after this meeting, or if the same do not receive the ratification of one of the two Houses of the Reichsrath.

The whole Ministry is responsible for this, that such ordinances, as soon as they have lost their provisional legal force, be immediately annulled.

15. For a valid decision of the Reichsrath, the presence of 100 members in the House of Deputies and of forty in the House of Lords, and in both an absolute majority of the votes of those present, is necessary.

Alterations in this fundamental law, as also in the fundamental laws of the State with regard to the general rights of the citizens for the kingdoms and territories represented in the Reichsrath, with regard to the institution of a Supreme Court of the Empire, with regard to the judicial power as well as with regard to the exercise of the governmental and executive power, can only be decreed in a valid manner with a majority of at least two-thirds of the votes of those present, and only in the House of Deputies if at least half of the members are present.

*Note.*—This wording of Section 15 was enacted by the Law of April 2, 1873, No. 40, Imperial Statute Book.

16. The members of the House of Deputies must take no instructions from their constituents.

The members of the Reichsrath can never be brought to account for the votes given in the exercise of their calling, and for the expressions used in that calling only by the House to which they belong.

No member of the Reichsrath can, without the assent of the House, be arrested, or have legal proceedings taken against him, during the duration of the session, on account of a criminal action, except in the case of being taken in the very act.

Even in the case of being taken in the very act, the Court of Justice has immediately to notify the arrest which has taken place to the President of the House.

If the House demand it, the arrest must be quashed, or the prosecution must be postponed for the entire period of the session. The House has the same right with regard to an arrest or an examination which has been adjudged concerning a member of the same, after the period of the session.<sup>1</sup>

17. All members of the Reichsrath must exercise their right of voting personally.

18. The members of the House of Deputies are chosen for the period of six years.

After the expiry of this period of election, as well as in the event of the dissolution of the House of Deputies, new General Elections follow.

<sup>1</sup> Section 16: The right of immunity of the members of the Reichsrath is limited to protection against arrests and legal prosecutions, and does not extend to police summonses and official proceedings (Law of April 21, 1890, No. 482).

Those who have been deputies can be chosen again.

During the continuance of the period of election, by-elections are to be held, if a member is no longer eligible for election, dies, resigns his mandate, or ceases to be a member of the Reichsrath on any other legal ground.

*Note.*—This wording of Section 18 was enacted by the Law of April 2, 1873, No. 40, Imperial Statute Book.

19. The prorogation of the Reichsrath, as well as the dissolution of the House of Deputies, takes place at the decree of the Emperor.

In the event of dissolution, there is to be a new election within the meaning of Section 7.

20. The Ministers and heads of the central offices are entitled to take part in all deliberations, and to bring forward their proposals personally or by means of a deputy.

Each House can demand the presence of the Ministers.

They must always be heard at their request. They have the right to take part in the voting in so far as they are members of one House.

21. Each of the two Houses of the Reichsrath is entitled to question the Ministers in all that its province requires, to subject the administrative actions of the Government to examination, to demand information from the same about petitions which come in, to appoint Commissions to which the necessary information is to be given on the part of the Ministry, and to give expression to its opinions in the form of addresses or resolutions.

22. The exercise of the control of the national debt by means of the representative bodies is fixed by a special law.

23. The sittings of both Houses of the Reichsrath are public.

To each House pertains the right to exclude the public in exceptional cases, if it is demanded by the President or at least ten members, and is resolved upon by the House after the dismissal of the audience.

24. The law concerning the standing orders of the Reichsrath contains the more precise instructions as to the communication of both Houses with each other and with the outside world.

**FUNDAMENTAL LAW OF THE STATE OF DECEMBER 21, 1867,  
No. 142 OF THE IMPERIAL STATUTE BOOK: ON THE GENERAL  
RIGHTS OF THE CITIZENS FOR THE KINGDOMS AND  
TERRITORIES REPRESENTED IN THE REICHSRATH.**

With the consent of both Houses of the Reichsrath, I enact and ordain the following fundamental law of the State on the general rights of the citizens as follows :

1. A general Austrian citizenship exists for all who belong to the kingdoms and territories represented in the Reichsrath.

The law determines under what conditions Austrian citizenship is acquired, exercised, and lost.

2. All citizens are equal before the law.

3. Public posts are equally accessible for all citizens.

Admission into the same for foreigners is made dependent upon the acquisition of Austrian citizenship.

4. Freedom of settlement [lit., migration] of person and property within the territory of the State is subject to no limitation.

The right to be elected and the right to vote for the communal (*Gemeinde*) representation belongs to all citizens who live in the commune and pay taxes there—from their real property, their earnings, or their income—under the same conditions as to those who belong to the commune.

Freedom to emigrate is only limited by the State through the obligation to military service.

Taxes on emigrants (*Abfuhrts gelder*) can only be levied on practice of reciprocity.

5. Property is inviolable. An expropriation against the will of the proprietor can only take place in the cases and in the manner which the law determines.

6. Every citizen is entitled to take up his abode and residence at any place in the territory of the State, acquire real estate of every kind, and dispose of the same freely, and can also exercise every industry, under legal conditions.

Limitations of the right of corporations (holders in mortmain) to acquire real estates and to dispose of them are admissible by law on the ground of the public welfare.

7. Every tie of serfdom and bondage is abolished for ever. Every indebtedness or service attached to real estate by reason of the division of property may be redeemed, and in future no real estate may be encumbered with such an irredeemable burden.

8. The freedom of the individual is guaranteed. The existing Law of October 27, 1862, No. 87 of the Imperial Statute Book, for the protection of personal freedom, is hereby declared as an essential part of this fundamental law of the State.

Every illegally decreed or prolonged arrest lays the State under the obligation to compensate the injured person.

9. Domiciliary right (*Hausrecht*) is inviolable.

The existing Law of October 27, 1862, No. 88, Imperial Statute Book, for the protection of domiciliary right, is herewith declared as an essential part of this fundamental law of the State.

10. The privacy of letters may not be violated, and confiscations of letters, except in case of a legal arrest or domiciliary

visit, are only undertaken in cases of war or on the ground of a judicial order in conformity with the existing laws.

*Note.*—*Cf.* the Law of April 6, 1870.

11. Everyone has a right to petition.

Petitions under a collective name may only proceed from legally recognized corporations or associations.

12. The Austrian citizens have the right to assemble and to form associations. The exercise of these rights is regulated by means of special laws.

*Note.*—*Cf.* the Law of November 15, 1867, Nos. 134 and 135, Imperial Statute Book, on the right of association and assembly.

13. Everyone has the right to express his opinion freely within legal bounds, by word, in writing, in print, or by pictorial representation.

The press may neither be subjected to censorship nor be restricted by the system of concessions. Administrative postal prohibitions do not apply to home printed matter (*inländische Druckschriften*).

14. Full liberty of belief and of conscience is guaranteed to everyone. The enjoyment of civic and political rights is independent of religious creed; yet civic duties may not be prejudiced through religious creed. No one can be forced to an ecclesiastical act or to take part in an ecclesiastical ceremony, in so far as he is not subject to the power of another, hereto entitled according to the law.

15. Every legally recognized Church and religious society has the right of exercising common public worship; orders and controls its internal affairs independently; remains in possession and enjoyment of its institutions, foundations, funds, designed for purposes of worship, instruction, and benevolence; but is, like every society, subject to the general laws of the State.

16. Domestic religious worship is permitted to the adherents of a religious creed not legally recognized, in so far as the same is neither illegal nor morally injurious.

17. Learning and teaching are free from restriction. Every citizen who has shown his capacity thereto, as the law directs, is entitled to found institutions for instruction and education and to impart instruction thereat.

Domestic instruction is subject to no such limitation.

Religious instruction in the schools is to be cared for by the Churches or religious societies concerned.

The right of the supreme direction and supervision of the whole system of instruction and education belongs to the State.

18. Everyone is at liberty to choose his profession, and to train himself for the same, how and where he will.

19. All the races of the State have equal rights, and each race has an inviolable right to preserve and foster its nationality and language.

The equal rights of all languages customary in the country, in school, official, and public life, are recognized by the State.

In the lands in which several races dwell, the institutions for public instruction must be arranged in such a way that each of these races obtains the necessary means for education in its own language, without being compelled to learn a second local language.

20. A special law will decide as to the admissibility of the temporary and local suspension of the rights contained in Articles 8, 9, 10, 12, and 13, through the responsible Government authority.

FUNDAMENTAL LAW OF THE STATE OF DECEMBER 21, 1867,  
No. 143 OF THE IMPERIAL STATUTE BOOK : ON THE ESTABLISH-  
MENT OF A SUPREME COURT OF THE EMPIRE.<sup>1</sup>

WITH the consent of both Houses of the Reichsrath, I enact and ordain the following fundamental law of the State as follows :

1. A Supreme Court of the Empire is instituted for the kingdoms and lands represented in the Reichsrath, for decision upon disputes as to competence and in controversial matters of public law.

2. The Supreme Court of the Empire has to decide finally upon disputes as to competence—(a) Between judicial and administrative officials on the question whether an affair is to be dealt with by course of law or administratively, in the cases fixed by the law ; (b) between a Local Diet (*Landesvertretung*) and the supreme administrative officials, if each of the same claim the right to order or decide in a matter of administration ; (c) between the autonomous local organs of different territories in the affairs assigned to their management and administration.

3. The final decision pertains to the Supreme Court of the Empire, further—(a) As to the claims of individual territories of the kingdoms and lands represented in the Reichsrath against the whole of the same, and conversely ; then as to the claims of one of these kingdoms and lands against another of the same ; finally, as to claims which are put forth by communes (*Gemeinden*), corporations, or single persons, against one of the said kingdoms and lands, or the whole of the same, if such claims are not such as can be decided in the ordinary course of law.

*Note.*—The Minister of Justice decides as to the claim raised for damages for a sentence illegally passed, and fixes the amount of

<sup>1</sup> This law is explained by a large number of decisions which cannot be given here.

the compensation. A respite of sixty days from the delivery of the decision of the Minister of Justice till the raising of his claim before the Supreme Court of Justice is open to the plaintiff. The term cannot be prolonged, and the claim cannot be raised a second time on the ground of the lapse of the term. (Law of March 16, 1892, No. 64, Imperial Statute Book, Sections 7, 8.)

(b) As to the complaints of the citizens on account of infringement of the political rights guaranteed to them by the constitution, after the affair has been decided in the administrative way prescribed by law.

4. As to the question whether the decision of a case pertains to the Supreme Court of the Empire, the Supreme Court of the Empire itself decides solely and alone. Its decisions exclude every further appeal, as also the initiation of legal proceedings. If a case is referred by the Supreme Court of the Empire to the regular Judge or to an administrative official, the same cannot decline to give a decision on the ground of incompetence.

5. The Supreme Court of the Empire has its seat in Vienna, and consists of the President and his Deputy, who are appointed by the Emperor for life; then of twelve members and four substitutes, whom the Emperor appoints also for life on the proposal of the Reichsrath—to wit, six members and two substitutes from the persons proposed by the House of Deputies; and six members and two substitutes from those proposed by the House of Lords.

The proposal is made in such a manner that three experts are designated for each of the places to be filled.

6. A special law will fix the more precise instructions as to the organization of the Supreme Court of the Empire, as to the procedure before the same, and as to the execution of its decisions and orders.

*Note.*—The special law here held in prospect was enacted on April 18, 1869, No. 44, Imperial Statute Book.

#### FUNDAMENTAL LAW OF THE STATE OF DECEMBER 21, 1867, No. 144 OF THE IMPERIAL STATUTE BOOK: ON THE JUDICIAL POWER.

WITH the consent of both Houses of the Reichsrath, I enact and decree the following fundamental law of the State on the judicial power as follows:

1. All jurisdiction in the State is exercised in the name of the Emperor.

The judgments and sentences are executed in the name of the Emperor.



2. The organization and competence of the courts is determined by laws.

Exceptional courts are only admissible in the cases fixed beforehand by the laws.

3. The sphere of activity of the courts-martial is fixed by special laws.

4. The jurisdiction relative to the minor offences of police law and the laws with regard to rates and taxes is regulated by laws.

5. The Judges are appointed by the Emperor or in his name, finally and for life.

6. The Judges are independent and free from control in the exercise of their judicial office.

They can only be removed from their office in the cases prescribed by the laws, and only in virtue of a formal judicial sentence. The temporary suspension from office of the same can only be effected by order of the Judicial Committee or the Upper Court, subject to simultaneous reference of the affair to the proper court. Removal to another position or involuntary retirement on a pension can only be effected by means of a judicial decision in the cases and forms fixed by the law.

*Note.*—Cf. the Law of May 21, 1868, No. 46, Imperial Statute Book, on the disciplinary treatment of judicial officials, and the enforced removal to another position or enforced retirement of the same.

These decisions, however, do not apply to the removals (from office) and retirements on a pension which are necessitated by changes in the organization of the courts.

7. The examination of the validity of laws properly published does not pertain to the courts. On the other hand, the courts have to decide on the validity of ordinances in legal succession of appeals.

8. All judicial officials have to swear in their oath of office to keep inviolable the fundamental laws of the State also.

9. The State or its judicial officials can be sued on account of the legal injuries occasioned by the latter in the exercise of their official activity by plaint, besides the legal remedies indicated in the judicial procedure.

This right of plaint is regulated by a special law.

*Note.*—This special law is the Law of July 12, 1872, No. 112, Imperial Statute Book.

10. The proceedings before the awarding (*Erkennende*) Judge are verbal and public in affairs of civil and criminal law.

The law determines the exceptions. In criminal matters the procedure is by bill of indictment (*Anklageprocess*).

11. A jury decides as to the guilt of the accused in felonies

threatened with severe punishments which the law has to indicate, as also in all felonies and misdemeanours, whether political, or perpetrated by the contents of a publication.

*Note.*—*Cf.* the Introductory Law to the Code of Criminal Procedure.

See also the Law of June 25, 1886, No. 98, Imperial Statute Book, and the Law of May 23, 1873, No. 120, Imperial Statute Book.

12. The Supreme Court of Justice and Court of Cassation in Vienna is for the kingdoms and territories represented in the Reichsrath.

13. The Emperor has the right to grant a general pardon, and to remit or mitigate the punishments which were pronounced by the courts, as also to revise the legal consequences of the sentences, with reservation of the limitations contained in the law with regard to the responsibility of the Minister.

The regulation of the right to decree that criminal proceedings on account of a punishable action should not be instituted, or that the criminal proceedings instituted should be stayed, is reserved to the rules of the Code of Criminal Procedure.

14. The Administration of Justice (*Rechtspflege*) is separate from the Administrative Government (*Verwaltung*) in every instance.

15. In all cases in which an administrative authority has to decide according to existing laws, or laws to be enacted in the future, upon conflicting claims between private individuals, the party whose private rights have been injured by this decision is at liberty to seek redress against the other party in due course of law.

If, besides this, anyone maintains that his rights have been violated by a decision or order of an administrative authority, he is at liberty to assert his claims against a representative of the administrative authority before the Court for the Administration of Justice, by public verbal proceedings.

The cases in which the Court for the Administration of Justice has to decide, the composition of that court, and also the procedure before the same, are determined by a special law.

*Note.*—See, further, the Law of October 22, 1875, No. 36, Imperial Statute Book for 1876, relative to the establishment of a Judicial Court of Administration.

FUNDAMENTAL LAW OF THE STATE OF DECEMBER 21, 1867,  
No. 145 OF THE IMPERIAL STATUTE BOOK : ON THE  
GOVERNMENTAL AND EXECUTIVE POWER.

WITH the consent of both Houses of the Reichsrath, I enact and decree the following fundamental law of the State on the exercise of the governmental and executive power as follows :

1. The Emperor is sacred, inviolable, and irresponsible.  
2. The Emperor exercises the governmental power through responsible Ministers and the subordinate officials and appointees of the same.

3. The Emperor nominates and dismisses the Ministers, and appoints to all offices in all branches of the service of the State, on the proposal of the Ministers in question, unless the law otherwise directs.

4. The Emperor confers titles, orders, and other State distinctions.

5. The Emperor has the supreme command over the armed forces, declares war, and concludes peace.

6. The Emperor concludes the State treaties.

The consent of the Reichsrath is necessary to the validity of commercial treaties and of those State treaties which burden the Empire or part of the same, or lay single citizens under obligations.

7. The right of coinage is exercised in the name of the Emperor.

8. The Emperor, on accession to the throne, takes the solemn oath in the presence of both Houses of the Reichsrath :

“To keep the fundamental laws of the kingdoms and lands represented in the Reichsrath inviolable, and to rule in harmony with the same and the general laws.”

9. The Ministers are responsible for the constitutionality and legality of the acts of the Government falling within the sphere of their official province (*Amtswirksamkeit*).

The responsibility, the composition of the Court of Justice to give judgment on the impeachment of a Minister, and the proceedings before the same, are regulated by a special law.

10. The publication of the laws is effected in the name of the Emperor, with a mention of the consent of the constitutionally representative bodies, and subject to the co-operation of a responsible Minister.

11. The Government authorities are entitled to enact ordinances and give orders—within their official province—on the basis of the laws, and to enforce the observance of these latter, as well as the statutory ordinances even against those under obligation thereto.

Special laws regulate the executive right of the administrative authorities, as also the powers of the armed forces which are permanently organized for the public security, tranquillity, and order, or are called out in special cases.

12. All the State servants are responsible within their official province for the observance of the fundamental laws of the State, as also for the direction of business in keeping with the imperial and local laws.

Those organs of the executive power to whose disciplinary power the State servants in question are subject are in duty bound to enforce this responsibility.

The liability at civil law of the same for the legal injuries arising through orders contrary to duty is regulated by a law.

13. All organs of the State administration have also to swear to the inviolable observance of the fundamental laws of the State in their oath of service.

LAW No. 146 OF DECEMBER 21, 1867 : REGARDING AFFAIRS  
COMMON TO ALL THE LANDS OF THE AUSTRIAN MONARCHY,  
AND THE MANNER OF THEIR TREATMENT.

WITH consent of both Houses of the Reichsrath, I enact the following law to supplement the fundamental law with regard to the representation of the Empire :

1. The following affairs are declared as common to the realms and lands represented in the Reichsrath, and to the territories of the Hungarian Crown :

(a) Foreign affairs, including diplomatic and commercial representation in relation to foreign countries, as well as the dispositions that may be necessary with regard to international treaties, whereby, however, the ratification of the international treaties in so far as such ratification is constitutionally necessary remains reserved to the representative bodies of both halves of the Empire (to the Reichsrath and to the Hungarian Parliament).

(b) Military affairs, including the navy, with the exception, however, of the granting of recruits, and of the legislation as to the method and manner of the fulfilment of the obligation to serve in the army ; of the orders relative to the moving and maintenance of the army<sup>1</sup> ; further, of the regulation of the civic relations, and of the rights and duties not connected with military service, of the members of the army.

(c) Finance with regard to the expenses to be defrayed in common, particularly the fixing of the Budget relating thereto and the examination of the accounts referring to the same.

<sup>1</sup> *Verpflegung* implies commissariat.

2. Furthermore, the following affairs should not, indeed, be administered in common, yet they are dealt with according to similar principles to be agreed upon from time to time.

(1) Commercial affairs, especially the Customs legislation.

(2) The legislation about the indirect taxes, closely connected with industrial production.

(3) The fixing of the coinage system and the money standard.

*Note.*—By Law of August 2, 1892, No. 127, Imperial Statute Book, the Ministry of the kingdoms and lands represented in the Reichsrath was empowered to conclude a coinage and standard agreement with the Ministry of the lands of the Hungarian Crown.

This agreement was concluded by Proclamation of the Minister President of August 11, 1892, No. 132, Imperial Statute Book, in the version fixed by the Law of August 2, 1892, No. 127, Imperial Statute Book, and August 11, 1892, was agreed upon as the day of the promulgation and of the commencement of the legal force thereof.

(4) Orders relative to those lines of railways which affect the interests of both halves of the Empire.

(5) The fixing of the system of defence.

3. The costs of the common affairs (Section 1) are to be borne by both parts of the Empire according to a proportion which will be fixed from time to time by a mutual agreement of the representative bodies (the Reichsrath and the Hungarian Parliament) to be sanctioned by the Emperor. Should no agreement be arrived at between the two representative bodies, then the Emperor determines this proportion—*only, however, for the duration of one year.*

The defraying of the expense of the services falling on each of the two parts of the Empire according to this provision is, however, exclusively the affair of each side.

A common loan can also, however, be incurred for the defraying of the expenses of the common affairs, in which case also all that relates to the contracting of the loan, and the means of its application and repayment, is to be treated in common.

The decision on the question whether a common loan is to be incurred remains reserved, however, to the legislature of each of the two halves of the Empire.

4. The contribution of the quota to the burdens of the present State debt is regulated by means of an agreement to be arrived at between both halves of the Empire.

5. The administration of the common affairs is provided through a common responsible Ministry, which is not allowed, however, to conduct the special governmental business of one of the two parts of the Empire also along with the common affairs.

The orders relative to the management, command, and internal organization of the joint army pertain to the Emperor exclusively.

6. The right of legislation belonging to the representative bodies of both halves of the Empire (to the Reichsrath and to the Hungarian Parliament) is to be exercised by the same—in so far as the common affairs are concerned—by means of delegations which are to be despatched.

7. The delegation of the Reichsrath numbers sixty members, of whom one-third are taken from the House of Lords and two-thirds from the House of Deputies.

8. It devolves upon the House of Lords to choose the twenty members of the delegation from their midst by means of an absolute majority of votes.

The forty members devolving upon the House of Deputies are chosen in such a manner that the deputies of the separate Diets despatch the delegates according to the following mode of distribution, whereby they are at liberty to choose the same either from their midst or from the full session of the House.

The deputies have to choose by means of an absolute majority of votes.

From the Kingdom of Bohemia	...	...	10
From the Kingdom of Dalmatia	...	...	1
From the Kingdom of Galicia and Lodomeria, with the Grand-Duchy of Cracow...	...	...	7
From the Archduchy of Austria below the Enns	...	...	3
From the Archduchy of Austria above the Enns	...	...	2
From the Duchy of Salzburg	...	...	1
From the Duchy of Styria	...	...	2
From the Duchy of Carinthia	...	...	1
From the Duchy of Carniola	...	...	1
From the Duchy of Bukowina	...	...	1
From the Margravate of Moravia	...	...	4
From the Duchy of Upper and Lower Silesia	...	...	1
From the County Palatine of the Tirol	...	...	2
From the territory of Vorarlberg	...	...	1
From the Margravate of Istria	...	...	1
From the County Palatine of Goritz and Gradisca...	...	...	1
From the town of Trieste with its district	...	...	1

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*Note.*—The number of delegates and substitutes falling to each land, according to Subsections 2 and 3 of this section, and according to the following Section 9, is to be elected at present by the elected members of the House of Deputies in the lands

concerned (concluding sentence of Article II. of the Law of April 2, 1873, No. 40, Imperial Statute Book).

9. In like manner, each of the two Houses of the Reichsrath has to choose substitutes for the delegates, the number of whom amounts to ten for the House of Lords, and twenty for the House of Deputies.

The number of the substitutes to be chosen from the House of Deputies is distributed in proportion to the delegates to be despatched from the same, so that there is one substitute for one to three delegates, two substitutes for four and more delegates. The choice of each substitute is to be considered separately.

*Note.*—See the note to the preceding section (8).

10. The choice of the delegates and their substitutes is renewed annually from both Houses of the Reichsrath.

Until then the delegates and substitutes remain in their function.

The retired members of the delegation can be re-elected in the same.

11. The delegations are convened annually by the Emperor. The meeting-place is fixed by the Emperor.

12. The delegation of the Reichsrath chooses from its members the President and Vice-President, as also the Secretary and remaining functionaries.

13. The province of the delegations comprehends all subjects which concern the common affairs.

Other subjects are excluded from the competence of the delegations.

14. Government proposals reach each of the two delegations separately by means of the common Ministry.

The right to make proposals on subjects within their province pertains also to each delegation.

15. For all laws concerning the affairs within the province of the delegations, an accord between both delegations is requisite, or, failing an accord, a resolution framed and agreed to in a common full session of both delegations, and in every case the sanction of the Emperor.

16. The right to call the common Ministry to account is exercised by the delegations.

On the violation of a constitutional law existing for the common affairs, each delegation can move the impeachment (which is to be communicated to the other delegation) of the common Ministry or of a single member.

The impeachment is legally valid if it is resolved upon by each delegation separately or in a common full session of both delegations.

17. Each delegation proposes twenty-four Judges from the

independent citizens learned in the law of those lands which it represents—not, however, from its own midst—of whom the other delegation can reject twelve.

The accused also, or if there are several, all the accused have in common the right to decline twelve of those proposed—only, however, in such manner that an equal number of those proposed in this way by means of either delegation are declined.

The remaining Judges left after this form the court of justice for the lawsuit under discussion.

18. A special law on the responsibility of the common Ministry will fix the more precise instructions as to the impeachment, the procedure, and the sentence.

19. Each of the two delegations negotiates, deliberates, and resolves for itself, in separate sittings.

Section 31 contains the exceptional case.

20. The presence of at least thirty members besides the Chairman is requisite to enable the delegation of the Reichsrath to come to a decision, and the absolute majority of votes of those present is necessary for the validity of a resolution.

21. The delegates and substitutes of the Reichsrath must accept no instructions from their electors.

22. The delegates of the Reichsrath must exercise their right of voting personally.

Section 25 fixes when a substitute has to enter office.

23. The delegates of the Reichsrath enjoy in this capacity the same inviolability and irresponsibility which belong to them as members of the Reichsrath, by virtue of Section 16 of the Fundamental Law on the Imperial Representation.

The rights relating to the delegates, granted to the House in question in this paragraph, appertain to the delegation in so far as the Reichsrath is not assembled at the same time.

24. Withdrawal from the Reichsrath involves withdrawal from the delegation also.

25. If a member of the delegation or a substitute resign, then a new election is to be proposed. If the Reichsrath is not assembled, then his substitute has to take the place of the retiring delegate.

26. If the House of Deputies is dissolved, then the competence of the delegation of the Reichsrath also expires.

The newly convened Reichsrath elects a new delegation.

27. The session of the delegation is closed by the President of the same, after the termination of the business, with the approval or on the mandate of the Emperor.

28. The members of the common Ministry are entitled to take part at all councils of the delegation, and to advocate their proposals personally or through a deputy.



They must be heard every time on demand. The delegation has the right to address questions to the common Ministry or to a single member thereof, and to demand answer and explanation therefrom ; further, to appoint Commissions to which the information required is to be given on the part of the Ministry.

29. The sittings of the delegation are public as a rule.

By way of exception, the public can be excluded if it is demanded by the President or by at least five members, and resolved upon by the Assembly after the departure of the audience.

A resolution can only be taken, however, in a public sitting.

30. Both delegations communicate their resolutions to each other, as well as the reasons thereof, when necessary.

This communication is carried on in writing, in German on the side of the delegation of the Reichsrath, in the Hungarian language on the side of the delegation of the Hungarian Parliament, and on both sides with the enclosure of an authoritative translation in the language of the other delegation.

31. Each delegation is entitled to move that the question be decided by means of common voting, and this motion cannot be refused by the other delegation as soon as a threefold exchange of letters has remained unsuccessful.

The Presidents of both sides agree upon the place and time for a full session of both delegations for the purpose of common voting.

32. The Presidents of the delegations preside alternately in the full session.

It is decided by lot which of the two Presidents has to preside the first time. In all following sessions the President of that delegation whose President has not presided at the session immediately preceding presides at the first full assembly.

33. The presence of at least two-thirds of the members of each delegation is requisite in order that the full assembly may be competent to make resolutions.

The resolution is made by an absolute majority of votes.

If more members are present on the side of one delegation than on the side of the other, then on the side of the delegation in a majority as many members have to refrain from voting as must fall out to restore the equality of number of those voting on both sides. It is decided by lot who has to refrain from voting.

34. The full sessions of both delegations are public.

The minutes are kept in both languages by the Secretaries of both sides, and attested in common.

35. The more precise instructions as to the course of business are regulated by means of the standing orders, the settlement of which is to be effected through the delegation.

36. The agreement in relation to those subjects which are not

indeed treated as common, but are, however, to be regulated according to common principles, is effected either in this way—that the responsible Ministry elaborate a Bill in common understanding, and lay it before the representative bodies concerned or both sides for their decision, and the decisions agreed upon by both representations are laid before the Emperor for his sanction; or that the two representative bodies choose, each from its midst, equally large deputations which elaborate a proposal under the influence of the Ministry concerned, which proposal is then communicated by the Ministry to each representative body, and treated regularly by the same, and the corresponding resolutions of both representations are laid before the Emperor for his sanction. The second precedent is to be observed specially at the agreement as to the proportion of the contributions to the costs of the common affairs.

*Note.*—(1) A deputation of fifteen members is to be despatched from the Reichsrath for the negotiation by deputation which takes place in conformity with Section 36 of the Law of December 21, 1867, No. 146, Imperial Statute Book, with a view to agreement as to the relative proportion of the contributions to the costs of the common affairs of the monarchy.

(2) In this deputation five members are to be elected from the House of Lords, ten members from the House of Deputies (Law of March 28, 1877, No. 23, Imperial Statute Book).

37. This law comes into operation together with the law relating to the alteration of the Fundamental Law of February 26, 1861, as to the imperial representation, and with the fundamental laws of the State on the general rights of citizens, on the administrative and executive powers, on the power of Judges, and on the installation of a Supreme Court of the Empire.

## II.—HUNGARIAN FUNDAMENTAL LAWS

### STATUTE 11 OF THE YEAR 1722-23 : THE PRAGMATIC SANCTION.

ON THE UNINTERRUPTED RIGHT OF SUCCESSION OF THE FEMALE LINE  
OF HIS SACRED ROYAL IMPERIAL MAJESTY FROM THE MOST  
ILLUSTRIOUS HOUSE OF AUSTRIA IN RELATION TO THE SACRED  
CROWN OF HUNGARY AND THE TERRITORIES WHICH ARE UNITED  
TO IT FROM TIME IMMEMORIAL.

ALTHOUGH the loyal States of the Hungarian kingdom and the subsidiary territories united to it, in consideration of the youth, the strength, and the state of health of His Sacred Royal Imperial Majesty, full of trust in Divine mercy, cherish the greatest confidence that His Serene Highness will be richly blessed with great and glorious successors of the male sex—in accordance with the prayers of the loyal States which have been and are still sent up to God for this purpose—and that the loyal States of the kingdom will be blessed with an uninterrupted line of His Highness's male heirs :

1. Thus knowing well that also Kings and Princes, like other men, are subject to the fate of death, in the mature and well-advised consideration of the many and great renowned deeds which have been done to the increase of the prosperity of the State and to the permanent welfare of His Highness's loyal subjects in war and in peace—as well by the ancestors of His Sacred Royal Imperial Majesty, of His Highness's sainted father Leopold and his brother Joseph, Kings of Hungary of glorious memory, as also especially by His Gracious Royal Imperial Majesty now reigning—whereas His Highness has not only maintained this, his hereditary Hungarian kingdom, and all the subsidiary lands thereto united in the compass of territories to which they were brought by the ancestors of His Highness, but also extended that compass on the occasion of the last Turkish War, after courageous struggle against the furious onslaught of the enemy, through the strength of his victorious and successful arms, to the undying glory of His Highness's name as well as to the permanent security of the States, and also of each single citizen of the kingdom and lands thereto united—so that

the realm may be secured also in all succeeding times from external and internal troubles and dangers, and may be able happily to endure in the face of every external danger, in blessed and lasting peace and sincere unity of spirit ;

2. And besides this also, in order to guard carefully against all internal agitations, and the evils of an interregnum, which are wont easily to arise, and are well-known from of old to the States of the realm ;

3. Aroused by the praiseworthy resolutions of their forefathers ;

4. And animated by the wish to prove themselves grateful and loyal in all reverence towards the Sacred Royal Imperial Majesty of their most gracious Lord,

5. In the case of the extinction of the male line of His Sacred, Royal and Imperial Majesty (which may God graciously forbid), they (the States of Hungary) transmit the right of inheritance to the succession in the realm and the crown of Hungary, and the lands and kingdoms thereto belonging—which have been already won with God's assistance or will be reconquered in the future—to the female sex of the most illustrious House of Austria ; and, in the first place, to wit, to the descendants of His Sublime Sanctified Royal Imperial Majesty now reigning ;

6. Then, failing such, to those of the departed Emperor and King Joseph ;

7. And in default of such, to the descendants of his departed Majesty Leopold, so far as these descendants are issue of these Emperors and Kings of Hungary, and are successors of the same, of legitimate birth, Roman Catholic belief, and Archdukes or Archduchesses of Austria, respectively, in accordance with the lasting and fixed order of primogeniture of His Sacred, Royal and Imperial Majesty now reigning, for his other kingdoms and territories lying within and without Germany, which, according to the above-mentioned rights and ordinance, are to be inherited, to be ruled, and to be governed indivisibly and inseparably from one another, and at the same time to be held hereditarily with the Hungarian kingdom and the divisions, kingdoms, and provinces thereto united.

8. And they approve the said order of succession,

9. And establish the thus-named female succession as it has been introduced and recognized in the most illustrious House of Austria according to the above-mentioned order (in that they extend thereto the Statutes 2 and 3 of the year 1687, and similarly the Statutes 2 and 3 of the year 1715, instead of the former regulation) ;

10. And lay down that the same should be accepted and approved—through the above-mentioned female line of the most illustrious House of Austria, in the manner premised, through the

persons of Archdukes and Archduchesses of Austria, declared heirs and successors—and at the same time should be observed in the future on the occasion of the Coronation with the other liberties and prerogatives, lately discussed, of the States of the Hungarian kingdom, and the territories, kingdoms, and provinces thereto united, most solemnly confirmed, and pledged by His Sacred, Royal and Imperial Majesty likewise in the manner premised, in accordance with the aforementioned statute.

11. And they reserve to themselves, only in the event of the complete extinction of the line under consideration, the inherited, ancient, sanctioned, and recognized privilege of the States, relative to the election and the crowning of their Kings.

#### STATUTE 12 OF THE YEAR 1867 : THE RELATIONS OF HUNGARY TO AUSTRIA.

WITH REGARD TO THE COMMON AFFAIRS ARISING BETWEEN THE  
TERRITORIES OF THE HUNGARIAN CROWN AND THE OTHER  
TERRITORIES UNDER THE RULE OF HIS MAJESTY, AND THE  
METHOD OF THEIR TREATMENT.

Now that constitutional rights have been bestowed on the remaining territories, His Royal and Imperial Apostolic Majesty demanded, in the gracious speech from the throne, with which the present Parliament was opened, that the Parliament, taking as basis the principle of reciprocal rights recognized in the Pragmatic Sanction, should find a method whereby, on the one hand, not only the constitutional and administrative independence of Hungary and its neighbouring territories, but also the necessary conditions for the maintenance of the monarchy, shall remain unimpaired as guaranteed by the Pragmatic Sanction, and, on the other hand, there shall be secured alike to the territories of the Hungarian Crown, and to the remaining lands and provinces of His Majesty, proper (*constitutionelle*) influence in the constitutional treatment of the above-mentioned affairs.

The Parliament greeted with sincere pleasure this gracious decision of His Majesty, whereby he wished to found the system of constitutional rule in the whole monarchy, and thus place the glory of his throne and the strength and might of the monarchy on what is the natural and therefore the firmest foundation, namely, the participation of all his peoples in public affairs.

On this ground the States and representatives of Hungary could not fail to seek out a means to render it possible that the fundamental contract, which was made by Statutes 1, 2, and 3 of the year 1723 between the most Serene Ruling House and Hungary, and which by Statutes 1 and 2 of the year 1723 secures, on the

one hand the indivisible (*einheitlich*) possession of the lands and provinces belonging to the monarchy, and on the other hand the legislative and administrative independence of Hungary, may in substance be maintained intact also in the future.

As it therefore became necessary that the relations between the lands of the Hungarian Crown and the remaining territories under the rule of His Majesty should be clearly and decidedly defined, and that the means by which the two mutually independent constitutional representative bodies come into touch in the treatment of their common relations should be exactly fixed, the Parliament has on this account determined the following :

1. The union which exists by law, on the one side between the lands of the Hungarian Crown, and on the other between the remaining lands and provinces of His Majesty, rests upon the Pragmatic Sanction recognized in the Statutes 1, 2, and 3 of the year 1723.

2. Inasmuch as this solemn fundamental contract fixed the right of succession to the throne in the female line of the House of Habsbourg, it at the same time declared that the lands and provinces which, according to the settled order of inheritance come under one common ruler, form an indivisible and inseparable possession. According to the definitely expressed principle, the defence and maintenance of the common security with the common strength require a common and mutual obligation which springs directly from the Pragmatic Sanction.

3. Only side by side with this obligation, thus laid down, the Pragmatic Sanction explicitly set the condition, that the constitutional and internal administrative independence of Hungary should be maintained.

4. These two fundamental ideas the Hungarian Parliament has ever kept in view, in determining those relations which affect Hungary in common with the remaining territories under the rule of the common monarch. As Hungary was ready in the past, so will she be in the future to fulfil all that which, according to the Pragmatic Sanction, is indispensably required for the defence and maintenance with united force of the common security, and at the same time she will not take upon herself duties which reach beyond this object, and are not indispensably necessary to its attainment.

5. Formerly, in regard to Hungary, all that concerned the above-mentioned relations was settled by the Hungarian Parliament and the Hungarian King in mutual agreement, and in the settlement of these dispositions no other territory had influence ; for the Hungarian King, as absolute monarch of the rest of the lands under his rule, disposed of the interests and the affairs of

those lands with absolute power. Now, however, the position has been to this extent substantially changed by the gracious speech from the throne, in that His Majesty has also granted constitutional rights to his remaining territories, so that the same can no longer be treated (*vertreten*) with absolute authority, and their constitutional influence cannot be eluded.

6. These points of view the Parliament regards as essential in defining the main principles which are fundamental in the establishment of common relations. In this respect, therefore, the Pragmatic Sanction is the starting-point which His Majesty, and also the Parliament, have indicated as the jointly recognized point of departure.

7. According to the Pragmatic Sanction, the Sovereign is, indeed, common in so far that the Hungarian Crown falls to the same monarch who reigns in the other territories; this does not, however, render it necessary that the cost of the upkeep of the Court of the monarch should be settled in common. Such a common settlement is not required by the object laid down in the Pragmatic Sanction; on the contrary, it is much more compatible with the constitutional independence of Hungary, and the high princely dignity of the Kings of Hungary, that the Hungarian Parliament, on the proposal of the responsible Hungarian Ministry, should make a separate grant of the cost of the upkeep of the Court of the Hungarian Kings. The granting and defraying of the costs of the upkeep of the Court will not be treated as a matter in common.

8. The suitable guidance of foreign affairs is a means towards the common and joint defence springing from the Pragmatic Sanction. This proper guidance demands unity relative to those affairs which refer to all the territories collectively under the sovereignty of His Majesty. Therefore the diplomatic and commercial representation of the kingdom as against foreign countries, as well as the requisite dispositions with regard to international agreements, are part of the business of the common Minister of Foreign Affairs acting in understanding with the Ministers of both parts (of the monarchy) and with their consent. International agreements are communicated by each Government to its own legislature. Hungary, too, recognizes these foreign affairs as common, and is ready to contribute to the costs which are to be settled in common in the proportion which will be fixed in the manner described in the further following sections: 18, 19, 20, 21, and 22.

9. A second means towards common defence is the army, together with the orders relating thereto—in one word, military affairs.

10. In respect of all that which has already been stated above, particularly in Section 5, the following principles relative to the community of military affairs are laid down :

11. In consequence of the constitutional sovereign rights of His Majesty, in reference to military affairs, all that which has reference to the united command, management, and internal organization, of the United Army, and also of the Hungarian Army as a complementary part of the United Army, is recognized as subject to the orders of His Majesty.

12. Hungary reserves, however, the right of occasionally supplementing the Hungarian Army, and the right to grant recruits (*Rekruten Bewilligung*) and to determine the conditions of this grant, and of the length of service, as also the orders concerning the breaking up (*Dislocation*) and the maintenance of the troops, within the meaning of the statutes hitherto in force, not only in the sphere of legislation, but also in that of administration.

13. Furthermore Hungary declares that the establishment or transformation of the system of defence, in relation to Hungary, may at any time only take place with the consent of the Hungarian Legislature. As, however, any such establishment, as well as later transformation, is only to be properly carried out on homogeneous principles, therefore in every such event a Bill must be laid before both legislatures, founded on similar principles, and on an understanding previously arrived at by both Governments. For the adjustment of any difference that may arise in the views of the legislatures, both legislatures shall come into touch with one another by means of deputations.

14. With regard to all Hungarian civil relations, rights and duties of individual members of the Hungarian Army, not relating to military affairs, the Hungarian Legislature or the Hungarian Government shall decide.

15. The whole of the expenses of the army are common in the sense that the proportion in which Hungary has to contribute to the cost will be fixed after a previous consultation, described below in Sections 18, 19, 20, 21, and 22, by the way of a reciprocal agreement.

16. The Hungarian Parliament recognizes the finances to be in common in so far as the expenses are common, which are to be applied to the above-mentioned objects recognized as common. That is, however, to be understood in the sense that the common expenditure requisite for the above-mentioned common objects is to be settled in common, in the manner laid down in further sections; only, with regard to the assessment, the raising, and the appropriation to be made in each case of the amount of these costs for which Hungary is responsible, in the proportion laid down in



Sections 18, 19, 20, 21, and 22, the Parliament and the responsible Ministry of Hungary will give directions in the manner laid down in the following sections which deal with the arrangement:

17. The whole of the rest of the State requirements of Hungary the Parliament will fix in a constitutional manner on the proposal of the Hungarian responsible Ministry. The same, as well as particularly all taxation, will be assessed, raised, and administered, by the Hungarian Ministry on their own responsibility, to the complete exclusion of any foreign influence.

18. Such are the objects the common character of which, as above explained, is regarded as springing from the Pragmatic Sanction. If in reference to these an agreement is obtained, with the consent of both sides, then the relation must be fixed through a reciprocal contract as above mentioned, according to which the territories of the Hungarian Crown shall bear the burden and the cost of the affairs which are recognized as common according to the Pragmatic Sanction.

19. This contract and establishment will ensue in such wise that on the one hand the representatives of the territories of the Hungarian Crown, on the other the representatives of the remaining lands of His Majesty, shall choose each from their side a deputation of equal size. These two deputations will, under the influence of the respective responsible Ministries, elaborate a proposal with reference to the said relationship, supported by data in detail.

20. Each Ministry shall lay this proposal before the respective Parliaments, where the same shall be treated regularly. Each Parliament will communicate its decision to the other by means of the respective Ministry, and the arrangements to be arrived at in this way shall be submitted to His Majesty for sanction.

21. Should the two deputations be unable to agree on the proposal, the judgment of each side will be laid before both Parliaments. Should, however, the two Parliaments be unable to agree, then His Majesty will decide the question on the data which have been circulated.

22. The agreement to be concluded relative to the proportion can only extend for a fixed period, after the expiration of which a new agreement takes place afresh in the same way.

23. With regard to the treatment of the above-described objects, the alteration of the method legally fixed up till now relative to this is, strictly speaking, not founded on the obligation laid down in the Pragmatic Sanction, but it appears suitable, in consequence of that alteration of the position which is treated of in Section 5. The Parliament declares its wish to come into touch with the remaining territories of His Majesty, as constitutional

peoples, subject to the safeguarding of the independence of both sides.

24. Since this is the motive and the object of the present decision relating to the common affairs and the method of their treatment, so it follows, of course, that the maintenance of the Hungarian Constitution forms a fundamental condition of the same.

25. The second fundamental condition is this, that complete constitutional conditions should really come into existence also in the remaining territories and provinces of His Majesty, because Hungary can only come into touch with the constitutional representatives of these territories, with regard to any common relations. And also His Majesty himself desired to alter the method hitherto used, for this very reason, that he has also granted constitutional rights to his remaining territories, and considers their constitutional influence on the treatment of the common affairs indispensable.

26. Subject to these fundamental conditions, the treatment of the common affairs will be as follows :

27. A common Ministry is to be erected for the objects which, as a matter of fact, belong in common, subject to the special government neither of the lands of the Hungarian Crown nor of the remaining territories of His Majesty. This Ministry may, with the common affairs, manage the special business of the Government neither of one nor of the other part. Further, it may not exercise influence over the same. Each member of this Ministry will be responsible in regard to all that pertains to his special sphere of administration, but the whole Ministry will also be jointly responsible in regard to those official orders which it has collectively decided.

28. In regard to that part of the common affairs which is not purely a matter of government, Hungary considers neither a full Reichsrath nor any common central Parliament, under whatsoever name, as suitable, and accepts none such ; but holds firmly, that as according to His Majesty's gracious speech from the throne the Pragmatic Sanction is the common point of departure, so on the one hand the lands of the Hungarian Crown jointly, on the other the remaining territories and provinces of His Majesty jointly, are to be considered as two separate parts with absolutely equal rights. Consequently the complete parity of both parts in the treatment of the common affairs is an indispensable condition.

29. In consequence of this principle of parity, the Hungarian Parliament must elect a delegation of a fixed number of members for Hungary, and that from both Houses of Parliament. In the same way the remaining lands and provinces of His Majesty may

also, in constitutional fashion, elect a delegation consisting of an equal number of members from their side. The number of the members of this Delegation will be fixed on the agreement of both sides. This number may not exceed sixty on either side.

30. These delegations are to be elected only for one year—that is, one session of Parliament; and on the expiration of the year, or at the beginning of a new session, their competence (*Wirkungskreis*) ceases entirely. The members of the same can, however, be elected afresh.

31. Each of the delegations chooses separately from its midst its Chairman and Secretary, and, so far as it needs other officials, also all the personnel thereof; and each delegation arranges its own standing orders.

32. The delegations will always be summoned by His Majesty for a fixed period, and to that place where His Majesty is staying at that time. It is the desire of the Hungarian Legislature that the sittings may be held alternately, one year in Pest, in the following year in Vienna; or, if the representatives of the remaining territories of His Majesty, and His Majesty, should so desire it, that they may be held in any other chief city of those territories.

33. Each delegation holds separate sittings and decides in the same, voting by heads, and by the absolute majority of the whole of the members of the delegation, and what the majority has decided is to be regarded as the decision of the whole delegation. The individual members, for their own vindication, may have a difference of opinion recorded in the minutes, but this does not weaken the force of the decision.

34. The two delegations may not deliberate together in a common sitting, but each communicates its views and decisions to the other in writing; and in the case of a divergence of opinion they are to try to explain the matter to each other by written messages. Each delegation prepares these messages in its own language, while it at the same time appends an authentic translation.

35. Should it not be possible to bring the opinions of the two delegations into harmony by means of these written messages, then both delegations hold a common sitting, solely, however, for the purpose of taking a vote, and nothing more. In this common sitting the Presidents of the two delegations take it in turns, first the one and then the other, to preside. A decision can only be made if at least two-thirds of the members of each delegation are present. The decision is arrived at on each occasion by an absolute majority. As, however, the practical application of the principle of parity is the most important point in the voting in the interest of both sides, so in the case that one or more members of the

delegation on one side or the other are absent, for whatever cause, the delegation of the other side must diminish the number of its members, so that the delegations of both sides are exactly equal with regard to the number of their members. The diminution of its number shall be accomplished by the delegation having the majority, by lot, and in their presence. The minutes will be kept by the Secretaries of both sides in the languages of both sides, and will be certified in common.

36. If an exchange of messages has remained thrice unsuccessful, then each side has the right to demand of the other that the question shall be decided by means of common voting. The Presidents of both sides then agree as to the place, the day, and the hour, of the voting, and each President invites the members of his own delegation thereto.

37. Only those objects can belong to the competence of these delegations which have been explicitly assigned as common to these delegations in the present resolution. Beyond these objects the delegations may not extend their activity, and may not interfere in the affairs reserved to the Hungarian Parliament and the Hungarian Government.

38. The delegation despatched for the treatment of the common affairs, which is freely elected by the Parliament, will represent the Parliament as against the remaining territories of His Majesty, in the affairs indicated and defined in this resolution and under the conditions here appointed. This delegation cannot be bound by previous instructions.

39. Relative to the method of procedure, it is laid down that the common Ministry shall bring before each delegation separately any subject which, according to the present resolution, belongs to these delegations. Each delegation will have the right to address questions to the common Ministry, or, according to the department of administration, to the member thereof concerned, and to demand an answer and explanation from the same. For precisely that reason the common Ministry will have the right, and also, moreover, if it is challenged thereto, the duty, to appear as well in the one delegation as in the other, to answer by word of mouth or in writing, and also, if it can be done without detriment to the public interest, to give explanations, also producing the necessary documents.

40. The fixing of the common estimates will form the most important annually recurring part of the task of these delegations. This Budget, which is limited to those expenses which are designated as common in the present resolution, the common Ministry will elaborate under the influence of the two separate responsible Ministries, and then lay before each separate delegation. The

delegations will consider the same, according to the above-described method, each separately, and will communicate their observations to one another in writing. On the points regarding which their opinions may not coincide, they decide by voting at a common sitting.

41. The estimates fixed in this way can no longer be brought into discussion by the individual territories, but each of the same is bound to bear the share of the common estimates which falls to it, according to the proportion which has been established beforehand (in the way described in Sections 18, 19, 20, 21, and 22, of this resolution). As, however, relative to these common expenses, the assessment, the raising, and the establishment, of the system of taxation, as far as Hungary is concerned, belongs to the sphere of action of the Hungarian Parliament and of the responsible Hungarian Ministry, so the Hungarian Ministry will also always enter, in its Budget to be laid before the Hungarian Parliament, the sum which falls on Hungary from the already established common Budget; but these sums must not be allowed to be submitted to any further discussion as to their amount. After the amount which is necessary to the common expenses, so fixed, is raised through the responsible Hungarian Ministry, the Hungarian Minister of Finance will make over monthly, from the incoming monthly revenue, the part serving to cover the common expenses, according to the proportion in which the total of the common expenses stands to the total of the Hungarian expenses. The common Minister of Finance will be responsible for the employment of the sums received for the object laid down, in connection with which it is self-evident that he who administers these sums will be in duty bound to render an exact account.

42. The examination of these accounts belongs likewise to the said delegations. The same will proceed also, in relation to these accounts, in the above-mentioned way.

43. A similar precedent is to be followed also in all other affairs which belong, as common, to the sphere of the delegations. The common Ministry lays these also before each delegation separately. The delegations each separately deal with these, communicate their opinions to one another in writing, and if they cannot come to an agreement in this way, they decide in a common sitting for voting, as is above appointed. Their resolutions are, of course, so far as they are subject to the sanction of the monarch, to be submitted to His Majesty. If they are sanctioned by His Majesty, then they will possess binding power. The resolutions thus ratified through the sanction of the monarch His Majesty will cause to be brought to the knowledge of each Parliament through the respective special responsible Ministry.

These resolutions, which have been passed in the delegations in the above-described manner, and sanctioned by His Majesty, His Majesty can, after they have been communicated to the Hungarian Parliament, only have fully carried out in Hungary through the responsible Hungarian Ministry. Therefore the responsible Hungarian Ministry will also assess and raise all those expenses which fall on Hungary in consequence of the resolutions passed and sanctioned in this way, together with the Hungarian Budget fixed by the Parliament.

44. Besides the affairs which the common responsible Ministry submit to the delegations, each of these delegations possesses the right of initiative, only, however, with regard to those objects which, as common affairs, in conformity with this resolution, strictly belong to the sphere of these delegations. Each delegation can frame a proposal of this sort, and communicate the same in writing to the other delegation. The proposal introduced in this way is to be treated in the same way as was already appointed above, in relation to other questions belonging to the sphere of the delegations.

45. The sittings of the delegations will, as a rule, be open. The standing orders will settle the exceptional cases relative to this. A resolution, however, can only be framed in a public sitting.

46. Should His Majesty dissolve a Parliament, the delegation of the Parliament dissolved also ceases, and the new Parliament elects a new delegation.

47. The members of the delegations can never be called to account for the expressions which they have used in the discussion on the affairs characterized as common according to this resolution; neither, indeed, can they, until the cessation of their mandate, be arrested or be publicly indicted on account of a legal charge which may involve personal arrest, nor, except in the case of being taken in the very act, can they be arrested on account of any felony (*Verbrechen*) or misdemeanour (*Vergehen*), without the previous consent of the Parliament in question, or, if this is not assembled, of that delegation of which they are members. The delegation in question likewise, if the Parliament in question is not assembled, has power concerning the continuation or quashing of the arrest, in the case of a capture in the very act. Besides, the standing orders will make provision for the prevention of disorders which might perhaps arise in the discussion.

48. Should a member of the one or the other delegation die in the recess, or should he be deprived of his freedom through a legal decision, or should he resign his seat on well-founded reasons, then the seat which is set free in this way is to be filled at once.

To this behoof the Parliament elects, at the election of the delegation, beyond the established number, substitute members, and fixes at the same time the order in which the substitute members for the vacated seat will be summoned by the President of the delegation in question.

49. In the case of the resignation of a mandate, the Parliament in question, or, if this is not assembled, the delegation in question, will decide as to the importance of the cause of resignation, and as to the acceptance of the same.

50. As far as the responsibility of the common Ministry and the manner in which it is to be made good are concerned, each delegation will be authorized in those cases—if they are of opinion that it is necessary, on account of the infraction of constitutional laws—to move the impeachment of the common Ministry or of a single member of this Ministry, and to communicate this motion to the other delegation in writing. If each of the two delegations passes the motion, or if the same, on account of differing opinions, is passed by the vote of the majority in a sitting for voting—according to the above regulations—the resolution is to be considered as forthwith of legal force.

51. The tribunal for an action resolved on in this way is to be formed in the following manner :

Each delegation proposes twenty-four members, and that not from its midst, but from citizens independent and learned in the law of those territories which it represents. Each delegation will have the right to eliminate twelve out of the twenty-four members proposed by the other delegation, without a declaration of the reasons. The defendants have also the right, jointly and collectively, to demand the elimination of twelve members, in such wise, however, that, in the number of the members remaining over, the number of the chosen members from each delegation be equal. The members thus remaining over will be the judges in the action.

52. Besides the common affairs designated above, which, springing from the Pragmatic Sanction, may be considered as (matters) to be treated as common, there are still other public affairs of great importance, the common character of which, it is true, does not flow from the Pragmatic Sanction, which might, however, partly in view of the position from political considerations, partly on account of the coincidence of the interests of both sides, be more suitably dealt with under a common understanding than if kept strictly separate.

53. As concerning State debts, Hungary, by virtue of her position at public law, cannot, strictly speaking, legally have charged to her account such debts as were made without the statutory consent of the country.

54. But this Parliament has already declared that "it is ready, if true constitutional practice actually comes into existence as soon as possible, not only in our Fatherland, but also in the other territories of His Majesty, to do what is permitted to it to do, and what it can do without infringement of the independence and the constitutional rights of Hungary, also to act beyond the measure of its legally prescribed duty, on the basis of equity and of political considerations; so that the prosperity of the remaining territories of His Majesty, and with these also that of Hungary, may not break down under those heavy burdens which the procedure of the despotic system has heaped up, and the injurious effects of the past evil times may be averted."

55. From these considerations, and only on this basis, Hungary is ready to take over a part of the burden of the State debts, and, for this purpose, to come to an agreement—according to the method of previous transactions—with the other territories of His Majesty, as a free nation with a free nation.

56. In the future credit will be common in cases where Hungary, as well as the other territories of His Majesty, will hold it suitable to their own interest, under existing conditions, to undertake a new joint and common loan. In such loans all that relates to the conclusion of the contract, and the nature and manner of the appropriation, and the repayment, will be arranged in common. The decision precedent, however, that a loan should be raised in common, belongs, in each single case relative to Hungary, to the Hungarian Parliament.

57. Moreover, Hungary solemnly declares by means of this resolution also, that Hungary, by virtue of that fundamental principle of true constitutional practice, according to which the country may not be burdened with debts without its consent, will in the future also recognize no State debts as binding for itself, to the raising of which the legal and definitely declared agreement of Hungary has not been given.

58. Again, the common nature of commercial affairs does not spring from the Pragmatic Sanction; for within the meaning of this last-named sanction the lands of the Hungarian Crown can, as being legally separate from the remaining territories of the monarch, make orders through their own responsible Government and legislature, and regulate their commercial affairs by tariffs.

59. As, however, the points of reciprocal contact of interests between Hungary and the remaining territories of His Majesty are numerous and important, the Parliament is prepared to agree that a customs and commercial alliance shall be concluded from time to time between, on the one side the lands of the Hungarian Crown, on the other side the remaining territories of His Majesty, with regard to commercial affairs.



60. This alliance should determine those questions which concern commerce and the manner of the treatment of the joint commercial system.

61. The settlement of the alliance should take place by a reciprocal contract, in the same way as similar agreements of two countries legally independent of one another. The responsible Ministries of both sides are to make the detailed draft of the alliance in mutual understanding; each should submit the same to its respective Parliament, and the resolutions of both Parliaments are to be laid before His Majesty for his sanction.

62. For this very reason, if the proportion of the quotas of the common expenses shall be established in the way appointed in Sections 18, 19, 20, 21, and 22, simultaneously therewith a customs and commercial alliance is to be concluded, in the manner settled in Sections 59 and 61, between the lands of the Hungarian Crown on the one side, and the remaining territories and provinces of His Majesty on the other side, in which at the same time it will be stated that the validity of the commercial treaties hitherto concluded with foreign countries will also extend to Hungary.

63. On this occasion likewise, through an agreement according to Sections 59 and 61, such standards can be established for the uniform relation and administration of the indirect taxes—which stand in close connection with industrial production—as to exclude the possibility that orders relative to them, of the one legislature or responsible Government, can have as a result the diminution of the revenue of the other side. At the same time it can also be laid down, with regard to the future of the method, that the reforms to be carried through regarding this taxation will be passed, in agreement, through both legislatures.

64. Further, it might also be laid down through whom, and in what way, the superintendence over the equal application of all the tariffs is to be exercised; and it might be declared that the revenues proceeding from these customs are to be applied to defray the common expenses. The total of these revenues will therefore, first of all, be deducted from the total of the common expenses.

65. Since railways are one of the most essential means for the promotion of commerce, it can be fixed on the conclusion of the Customs and Commerce Alliance, through an agreement arrived at, within the meaning of Sections 59 and 60, with regard to which lines of railways common orders are necessary in the interest of both sides, and how far these orders shall extend.

The right of disposal over all other railway lines belongs exclusively to that Ministry and that Parliament through whose territory the same run.

66. In close connection with commerce stands the establishment

of the Mint and the common Money Standard. It is therefore not only desirable, but also necessary in the interest of both parties, that the Mint as well as the Money Standard should be the same in the territories of the Customs Alliance. Hence it will be necessary, at the conclusion of the Customs and Commercial Alliance, to provide also for the Mint and the Money Standard, by means of an agreement within the meaning of Sections 59 and 61. Should a change of the orders so established, or the establishment of a new Mint system or Money Standard, later appear necessary or expedient, then this will take place with the reciprocal agreement of both Ministries, and with the consent of both Parliaments. Obviously the royal rights of the King of Hungary relative to the coining and issue of money will remain absolutely unimpaired.

67. Simultaneously with the fixing of the quota and the conclusion of the Customs Alliance, the annual contribution to the State debts—which is to be undertaken by Hungary—will be fixed through a free agreement in the manner indicated in Sections 59 and 61.

68. It is of course understood that if and in so far as an agreement cannot be arrived at, with regard to the subjects mentioned in the above Sections 58 to 67, Hungary guards her independent right of disposal and all her rights, in this case also, unimpaired.

69. The manner and proportion in which the subsidiary territories will take part, by reason of this resolution, in the delegation to be despatched on the part of the lands of the Hungarian Crown, will be fixed later on.

This above-cited resolution, if it should be sanctioned by the royal approval, will be entered in the Statute Book as law.

Those regulations of this statute, however, which concern the nature of the treatment of the common affairs will, as a matter of fact, only come into operation when its contents are assented to in a constitutional way, on the part of the lands of His Majesty which do not belong to the Hungarian Crown.

#### STATUTE 30 OF THE YEAR 1868: RELATIONS OF HUNGARY TO CROATIA.

RELATIVE TO THE ENACTMENT OF THE AGREEMENT ON THE SETTLEMENT OF PUBLIC QUESTIONS FORMERLY IN SUSPENSE BETWEEN HUNGARY ON THE ONE SIDE, CROATIA, SLAVONIA, AND DALMATIA, ON THE OTHER.

SINCE an agreement has been arrived at through a common settlement between the Hungarian Parliament on the one side, and the Diet of Croatia, Slavonia, and Dalmatia, on the other, on the adjustment of the public questions which have been in suspense

between them, this agreement, after the same has also been approved, confirmed, and sanctioned, by his Imperial and Apostolic Royal Majesty, as a common fundamental law of Hungary and Croatia, Slavonia, and Dalmatia, is herewith enacted as follows:

Since Croatia and Slavonia have belonged to the Crown of St. Stephen for centuries, in law as well as in fact, and as it is also declared in the Pragmatic Sanction that the lands of the Hungarian Crown are inseparable from one another, therefore on this basis, Hungary on the one side, Croatia and Slavonia on the other side, have concluded the following agreement relative to the settling of the public questions in suspense between them:

1. Hungary and Croatia, Slavonia, and Dalmatia, form one and the same community of state in relation to the remaining territories under the rule of His Majesty, as well as in relation to other countries.

2. From this community and coherence it follows—that the King of Hungary and of Croatia, Slavonia, and Dalmatia, is crowned with one and the same crown, and with one and the same act of coronation, and that for the collective territories under the Crown of St. Stephen a common diploma of coronation is fixed and drawn up by the common Parliament of these territories.

The original of this diploma of coronation is, however, to be drawn up—simultaneously with the Hungarian text—also in the Croatian language, to be proclaimed to Croatia, Slavonia, and Dalmatia, and also the integrity and the constitution of Croatia, Slavonia, and Dalmatia, are to be secured in the same.

The diploma of coronation of the year 1867 is, further, to be drawn up, also in the original Croatian text, and transmitted as soon as possible to the Provincial Diet of Croatia, Slavonia, and Dalmatia.

3. From the above-mentioned indivisible community of state, it further follows—that relative to all affairs which are common, or are settled in common agreement, between the collective territories of the Hungarian Crown and the remaining lands of His Majesty, Hungary and Croatia, Slavonia, and Dalmatia, must possess one and the same legal representation and legislature, as well as a common government in respect to executive power.

4. Croatia, Slavonia, and Dalmatia, recognize as valid and binding Statute 12 of the Hungarian Parliament of the year 1867, which defines the affairs common—or not common, but to be settled in common accord—between the lands of St. Stephen's Crown and the remaining territories of His Majesty, and the manner of their administration, likewise the agreements arrived at by reason of this law, particularly Statutes 14, 15, and 16 of the year 1867, under the express condition, however, that in the

future similar fundamental laws and agreements can only be concluded with the legal concurrence of Croatia, Slavonia, and Dalmatia.

The fundamental law mentioned in this paragraph, as well as the statutes quoted, are also set out simultaneously in the Croatian original text, and transmitted for their promulgation, as soon as possible, to the Croatian, Slavonian, and Dalmatian Provincial Diet.

5. Besides those objects which are common—or are to be settled in agreement—between the territories of St. Stephen's Crown and the remaining lands of His Majesty, there are also other affairs as well which interest Hungary and Croatia, Slavonia, and Dalmatia, in common, and relative to which the common nature of the legislature and government is recognized by this agreement as necessary for all the territories of the Hungarian Crown.

6. Just such a matter common to all the territories of St. Stephen's Crown is, above all, the granting of the costs of the upkeep of the Court.

7. Further, the consent to recruiting, the legislation concerning the military system, the obligation to serve, and the ordering as to the quartering and maintenance<sup>1</sup> of the army, are common affairs. Relative to this, however, in respect to Croatia, Slavonia, and Dalmatia, it is laid down that—

(a) The part of the contingent to be granted in common which falls on Croatia, Slavonia, and Dalmatia, is fixed according to the ratio of the collective population; hereby it is obvious that, if the military system in force up till now is transformed, the rules of the new system to be enacted will apply also to Croatia, Slavonia, and Dalmatia.

(b) The recruits to be levied from Croatia, Slavonia, and Dalmatia, will be enrolled in the regiments of these lands.

(c) At the enrolment it will be considered for which branch of the service the recruits are best qualified, and the recruits of the littoral will be distributed chiefly in the navy.

8. Finance is common for Hungary and Croatia, Slavonia, and Dalmatia, both relative to the legislation and the administration, in the manner described below. Accordingly, the fixing of the whole system of taxation, the granting of direct and indirect taxes, relative not only to the branches but also to the rates of taxation, likewise the calculation, manipulation, and collection of the taxes, the introduction of new taxes, the granting of the common estimates, as also the examination of the final calculations as to the common expenditure, the incurrence of new State debts, or the conversion of debts already existing, the administration, transformation, burdening, or the sale of immovable State property,

<sup>1</sup> *Verpflegung* implies commissariat.

the disposal over monopolies and royalties (*jura regalia majora*), and, generally speaking, all dispositions which concern the common financial affairs of all the territories under the Crown of St. Stephen, belong to the common Parliament of all the lands of the Crown of St. Stephen; relative to the sale of the State property of Croatia and Slavonia (under which the State forests are also included, Section 2, Statute 34, 1873), on this point also this holds good, with this limitation, that the Provincial Diet of Croatia, Slavonia, and Dalmatia, is to be heard, and that without their consent such a sale may not take place. Relative to all these affairs, the common financial administration, which is carried on by means of the royal Hungarian Minister responsible to the common Parliament, is extended to Croatia, Slavonia, and Dalmatia, also.

9. Money, metallic currency and bank-notes, are common affairs of all the territories of the Hungarian Crown; so, too, are the fixing of the Mint System and the common Standard of Coinage, the examination and ratification of the commercial and State contracts, which relate similarly to the lands of the Crown of St. Stephen, the ordinances as to banks, institutions for credit and insurance, privileges, weights and measures, protection of trade-marks and models, hall-marking, literary and artistic property; maritime law, commercial law, the law as to bills of exchange, mining law, and, in general, affairs of commerce, of the Customs, telegraphs, post, railways, harbours, navigation, and those roads and rivers which interest Hungary and Croatia, Slavonia, and Dalmatia, in common.

10. With regard to the regulation of industry, including hawking, likewise to associations which do not carry on business in public, relative to the passport system, police regulation of foreigners, to citizenship, and to naturalization, the legislation is indeed common, but the executive power respecting these affairs is reserved to Croatia, Slavonia, and Dalmatia.

11. Croatia, Slavonia, and Dalmatia, recognize that they are in duty bound to contribute, in proportion to their taxable capacity, to those expenses which are required by the affairs which are, on the one side, acknowledged as common between the lands of the Hungarian Crown and the other territories of His Majesty, and by the affairs which are, on the other side, designated above as common between all the territories of the Hungarian Crown.

Sections 12 to 18 were repealed by Statute 10 of the year 1906, which makes new regulations for the financial relations between Hungary and Croatia. This Statute runs:

**STATUTE 10 OF THE YEAR 1906, RELATIVE TO THE ENACTMENT OF  
THE FINANCIAL AGREEMENT ARRIVED AT BETWEEN HUNGARY  
AND CROATIA, SLAVONIA, AND DALMATIA.**

Since the period of the financial agreement contained in Statute 40 of the year 1899, and also the time for which this agreement was provisionally extended by Statutes 42 of 1897, 5 of 1899, 47 of 1899, 32 of 1900, 29 of 1901, and 25 of 1902, has lapsed, a new financial agreement has been concluded by a common settlement in the manner laid down by Section 70 of Statute 30, 1868, between the Hungarian Parliament on the one side, and the Diet of Croatia, Slavonia, and Dalmatia, on the other side. This agreement, approved, confirmed, and sanctioned, by His Imperial and Apostolic Royal Majesty, is herewith enacted as a common fundamental law of Hungary and Croatia, Slavonia, and Dalmatia, as follows :

1. All claims or debts of Hungary against Croatia and Slavonia, or of Croatia and Slavonia against Hungary, which have ever existed, under whatever title, in the past—including the year 1903 up to the last day of December, 1903—are to be regarded as mutually cancelled, so that from January 1, 1904, there exists between Hungary and Croatia and Slavonia no claim or debt bearing any name whatever.

2. According to the principle recognized by Croatia, Slavonia, and Dalmatia, in Section 11 of Statute 30, 1868, that these territories are in duty bound to contribute, in proportion to their taxable capacity, to those expenses which are required by the affairs which are, on the one side, recognized as common between the lands of the Hungarian Crown and the other territories of His Majesty, and by the affairs which are, on the other side, designated in the Statute 30, 1868, quoted, as common to the collective territories of the Hungarian Crown, this proportion of the taxable capacity is fixed for the period January 1, 1904, to the close of 1913, in the proportion of the gross revenues derived during the years 1893 to 1902 by Hungary on the one hand, and Croatia and Slavonia on the other hand, from the direct taxes—excluding the military tax and transport duty (*Militär- und Transportsteuer*)—the stamp and legal duties (*Stempel- und Rechtsgebühren*), and finally from the tobacco and salt taxes (*Tabak- und Salzgefälle*), thus :

For Hungary	...	...	...	91·8733 per cent.
For Croatia and Slavonia	...	...	...	8·127 „

3. Since, however, the considerations put forward in Statute 30, 1868, still have force now, Hungary willingly consents that a definite amount (which will be fixed by this agreement for the

period of its duration, for the internal administration of these lands) should be first of all deducted from the revenues of Croatia and Slavonia, and that the sum remaining, after the defraying of the requirements of the internal administration, should be appropriated to the expenditure required by the common affairs.

4. On the basis of the principles developed in the preceding paragraphs, the following financial agreement has been arrived at between Hungary on the one side, and Croatia and Slavonia on the other :

5. The requirements of the internal administration of Croatia and Slavonia are defrayed from January 1, 1904, to the end of 1913, by that part of the net public revenues of Croatia and Slavonia to be fixed below, in so far as these revenues do not fall within the definition of Section 6 of the present statute; that is, that part of the net public revenues of these lands, to be fixed below, is transferred to that Croato-Slavonian provincial or municipal treasury which the Legislature or Government of these subsidiary territories shall demand. The remaining part of the net public receipts of Croatia and Dalmatia is transferred to the common State Treasury for the defraying of the proportional contribution (*quotenmässiger Beitrag*) to the common expenses (Sections 12 and 27, Statute 30, 1868). A distinction must be made in the computation of the net public revenues of Croatia and Slavonia between—

(1) Those sources of income with regard to which the joint public revenues drawn therefrom may be indubitably fixed as those of Croatia and Slavonia.

(2) Those sources of income with regard to which the public revenues drawn therefrom may not be fixed as indubitably those of Croatia and Slavonia.

The net public revenues of Croatia and Slavonia which are derived from the sources of income which fall under (1) are so computed that, from the joint direct and indirect taxes here under consideration, from the proceeds of the State property situated in Croatia and Slavonia, and from other public revenues (in so far as these do not fall within the definition of Section 6 of the present statute), only those expenses are to be deducted which are connected with the calculation and collection of the taxes—wherein the costs of the common financial administration are not included—with the administration of the State property, and with the recovery and the direct manipulation of the rest of the public revenues.

The public revenues of Croatia and Slavonia which are derived from the sources of income which fall under (2), especially from the transport duty (*Transportsteuer*) depending on Statute 20,

1875, from the joint taxes on wine and the consumption of meat (*Verzehrungs- und Getränkesteuer*) at present existing, further from the tax on lotteries (*Lottogefälle*), as well as from the revenues which may be yielded in the future, which fall under the sources of income mentioned in (2), are computed so that, from the joint gross revenues of the lands of the Hungarian Crown realized under these titles, the expenses connected with the raising and direct administration of these revenues—exclusive of the costs of the common financial administration—are deducted; and that of the net yearly profit of the lands of the Hungarian Crown thus yielded, the 8·127 per cent. corresponding with the proportion of the taxable capacity is reckoned as the income of Croatia and Dalmatia derived from these sources. Forty-four per cent. of the joint net public revenues of Croatia and Slavonia to be settled as above form that part which, under the first subsection of this paragraph, is to be applied to the defraying of the requirements of the internal administration of Croatia and Slavonia, with this limitation, however, that the 44 per cent. quota of the net receipts falling under (2) must not exceed that sum which would be realized had there been an annual 5 per cent. increase on the revenues of the preceding year since the year 1905. The surplus over that sum is to be employed, in the first instance, in making good the deficits, should the net income from the State forests situated in the Croato-Slavonian territory fall below the net income realized in 1902, or should the income from one of the sources falling under (1) altogether expire by legal enactment, or suffer such a modification that it falls below the income realized in 1902, without the deficit being made good by legal enactments touching one of the other sources of income falling under (1). The sum which is not, however, required for this purpose is to be paid into the common State Treasury, together with 56 per cent. of the net revenues of Croatia and Dalmatia reckoned according to the above definitions.

6. Section 18 of Statute 30 of the year 1868 is amended in such a way that, from those revenues which, according to Section 5 of the present statute, are to be divided between the requirements of the internal administration of Croatia and Slavonia and the expenditure for common affairs, the following are excepted:

(a) The receipts from the frontier Customs, which in the future also are to be calculated for the defraying of the expenses of the affairs recognized as common between the lands of the Hungarian Crown and the remaining territories of His Majesty.

(b) The taxes on wine and the consumption of meat, which may be applied in the future also to the defraying of the communal expenses.



(c) The clergymen's fees paid by the Catholic population of the county of Belovar, which may also be applied to the defraying of the autonomous expenses of Croatia and Slavonia.

(d) The military tax (*Militärtaxe*), depending on Statute 27 of the year 1880, which, as revenue devoted to a particular purpose, cannot constitute an object for division.

7. The yearly settlement of accounts between Hungary and Croatia and Slavonia is to be accomplished in the manner which has reached its present development under the application of Section 5 of Statute 40, 1889, with the following alterations :

I. With regard to the transport duties depending on Statute 20, 1875, the taxes on wine and the consumption of meat, and the tax on lotteries (*das Lottogefälle*), the actual revenues derived and the expenses incurred in Croatia and Slavonia under these heads, are to be omitted in this settlement of accounts ; instead, the net revenues of Croatia and Slavonia flowing from the disputable sources of income are fixed so that, after the final State calculations of the transport duty depending on Statute 20, 1875, of the joint taxes on wine and the consumption of meat, and the tax on lotteries, the joint actual revenues for the whole territory of the lands of the Hungarian Crown are computed, and from this amount there is deducted in the year in question—

(1) The joint expenses connected with the administration of the transport duty (*Transportsteuer*) depending on Statute 20, 1875, and those specified in the final State settlement under the title of direct taxes and supplementary taxation for land redemption (*Grundentlastungszuschläge*), or (*eventuell*) by a similar designation, for the whole jurisdiction of the lands of the Hungarian Crown.

(2) The joint expenditure incurred in connection with the administration of the taxes on wine and the consumption of meat, and in the final State calculations under the title of taxes on wine and the consumption of meat, for the whole jurisdiction of the lands of the Hungarian Crown, with the exception of—

(a) The actual expenses incurred under the title of the share due on the basis of Section 1 of Statute 6, 1899, or of Section 1 of Statute 18, 1901, to the incorporated towns (*geschlossene Städte*) and open communes (*offene Gemeinden*) in the whole territory of the Hungarian Crown.

(b) The actual expenses incurred in paying off the interest on and in redeeming (*zur Tilgung und Verzinsung*) the indemnity fund for the Croatian and Slavonian licences (*Schankrechte*) on the basis of Statute 35, 1888.

(3) The joint actual revenues realized under the title of Hungarian taxes on the consumption of meat.

(4) That part of the actual revenues realized under the title of Hungarian taxes on wine which comes under the taxes on the consumption of wine regulated by Statute 47, 1887.

(5) The actual expenses defrayed throughout the territory of the lands of the Hungarian Crown in connection with the administration of the taxes on lotteries (*Lottogefälle*), and designated under the title of taxes on lotteries in the final State calculations.

8.127 per cent. of the revenues thus realized on the territory of the lands of the Hungarian Crown is to be assumed to be the income of Croatia and Slavonia derived from disputable sources. On the basis of Section 50 of Statute 35, 1888, Croatia and Slavonia must defray the expenses of the amortization of the payment of interest on the indemnity fund for the Croato-Slavonian licences (*Schankrechte*) from this income.

The sum remaining after the defraying of these expenses forms the joint net income of Croatia and Slavonia from the sources of income specified above.

II. Those expenses are to be reckoned as the common expenses of Hungary and Croatia and Slavonia which, in accordance with Sections 5 to 10 of Statute 30, 1868, are applied to the conduct of affairs recognized as common with regard to Hungary and Croatia and Slavonia. Conformably with this, departing from the method hitherto observed in the yearly settlement of accounts—

(1) The following are not to be regarded as common expenses :

(a) The costs of technical education in industry and commerce.

(b) The costs of the agricultural statistics of the Ministry for Agriculture.

(c) The requirements for the interest on, and the complete redemption (*eventuelle amortisation*) of, those proportions of capital (*Capitalsquote*) raised on the basis of Statute 14, 1904, or of State loans to be raised in the future. These proportions of capital are to be applied to such public works (*Investitionen*) as cannot be considered as common within the meaning of Sections 5 to 10 of Statute 30 of the year 1868.

(2) Only that percentage of the expenses of the central administration of the Ministry for Agriculture is to be regarded as the common expenses of Hungary and Croatia and Slavonia which the expenses burdening Hungary and Croatia and Slavonia in common constitute in proportion to the remaining total expenses of the Ministry for Agriculture.

8. The sections of Statutes 30 of 1868 and 34 of 1873 which are not repealed by the present statute are maintained unaltered.

19. Should the territorial administration of Croatia and Slavonia be enlarged through the actual reincorporation of Dalmatia, or

through the administrative union of the military frontier, then the revenues of the territories united with Croatia-Slavonia will likewise be divided—according to the principle laid down in Sections 16 and 17—between the requirement of the Croato-Slavonian internal administration and that of the common affairs.

20. The present existing local supplementary expenditure is to be charged on the Government taxes, both in Hungary and in Croatia-Slavonia.

21. The supplementary taxation for land redemption is, however, controlled until the complete extinction of the debt contracted to redeem the land tax relative to Croatia-Slavonia, and also further by the Land Redemption Board of these countries, and paid by the Finance Board into the treasury of the Land Redemption Board.

The common liability of the lands of the Hungarian Crown for this land redemption debt remains unimpaired for the future also, and the assistance which may be necessary for this purpose is advanced from the common State Treasury, according to the manner and custom in use until now.

*Note.*—Section 21 receives the following wording through Statute 27 of the year 1891 :

The annual amount required for the amortisation, interest on, and administration, of the Croato-Slavonian land redemption debt is to be defrayed—until the complete cancelling of this debt—from the receipts of the united direct taxes, and supplementary land redemption payments of Croatia and Slavonia, and the sums corresponding to the amount required are to be paid into the treasury of the Croato-Slavonian Land Redemption Board.

This decision has to be acted upon as early as in the accounts to be made up for 1890, with Croatia-Slavonia. A special law—within the meaning of Paragraphs 1 and 2 of Section 5 of Statute 54 of the year 1880—governs the surpluses arising until December 31, 1889, from the proceeds of the Croato-Slavonian supplementary land redemption payments, of which the amount was fixed, in common agreement, at 2,660,000 gulden.

The common guarantee of the lands of the Hungarian Crown for this land redemption debt remains unimpaired.

22. The royal Hungarian Minister of Finance exercises executive power in Croatia-Slavonia, relative to the direct and indirect taxes, the rates, stamps, imposts, dues, and State property, through the Agram Finance Board, which is to be appointed by him.

23. Those departments of the Agram Board for National Accounts which deal with the affairs belonging to the autonomous sphere of action of Croatia and Slavonia are subject in every respect to the ruling of the said countries.

The final accounts made up by the said departments of account are, however, to be communicated to the common Minister of Finance, so that the financial data of all the territories of the Hungarian Crown may be completely collected together.

24. The independent Government and the jurisdictions of Croatia-Slavonia support the organ of the common Minister of Finance in the guarantee and the collection of the State revenues with complete readiness, and fulfil punctually the legal orders of the Minister of Finance, who is responsible to the common Parliament.

25. Should the 45 per cent. of the common revenues in some years be inadequate to defray the amount required (fixed above in Section 15) for the internal administration of Croatia-Slavonia, then Hungary advances the amount deficient.

26. On the other hand, if the said 45 per cent. amounts to a larger sum than that which was fixed by agreement for the needs of the internal administration of Croatia-Slavonia, then the surplus is applied for the defraying of the common expenditure.

27. Should, however, the revenues of Croatia and Slavonia exceed that share of the common expenses—which would fall on them according to the principle of taxation contained in Section 12—in consequence of the increased ability to bear taxation, the surplus is then at the disposal of Croatia-Slavonia, without their being bound to defray in addition those sums for the amount of which they have been in arrears in past years, with regard to the common expenses.

*Note.*—Sections 25 to 27 were repealed by Statute 10, 1906.

28. The settlement as to the revenues of Croatia and Slavonia is composed on the basis of the principle contained in the above paragraphs, and submitted simultaneously with the final settlement of the joint territories of the Hungarian Crown to the common legislature of the lands of the Hungarian Crown.

The settlement thus (*hier*) examined will be communicated also to the Provincial Diet of Croatia and Slavonia for their cognizance.

*Note.*—See Section 7, Statute 10, 1906.

29. The direction of the particular returns on the revenues of Croatia and Slavonia can first be effected after the settlement of the agreement, and that is from January 1, 1869.

Until the agreement is accepted by the two Legislatures and sanctioned by His Majesty, the previous estimate for 1867 is authoritative relative to Croatia and Slavonia, after the expenses of the internal administration have been set out.

30. Sixty-three per cent. of the arrears of taxation of Croatia and Slavonia which remain, and can be collected up to the end of 1867 inclusive, shall be employed for the requirements of the said

territories; 37 per cent., on the other hand, shall be paid in to the common State Treasury.

31. With regard to those affairs which are common between the lands of the Hungarian Crown and the remaining territories of His Majesty, as well as with regard to those which were designated as common for the lands of the Hungarian Crown itself, in the above paragraphs, the right of legislation belongs to the common Parliament of the whole of the territories of the Hungarian Crown to be summoned to Pest annually.

32. Croatia and Slavonia are represented in this common Parliament, in proportion to the number of their inhabitants, by twenty-nine deputies.

The town of Fiume and the district of the littoral are not included herein, in consideration of the reason mentioned in Section 66. Should the number of the Hungarian deputies alter in time, then the number of the deputies of Croatia-Slavonia, subject to the continuation of the proportion of the population, is fixed according to the same principle which was employed at the determination of the number of the Hungarian deputies.

33. If the population of Croatia-Slavonia should increase, either through the administrative union of the military frontier or through the reincorporation of Dalmatia, then the number of the deputies of the said subsidiary territories will be raised likewise in the proportion to the increase of the population.

*Note.*—The above Sections 32 and 33 were repealed by Statute 15 of the year 1881, and in their place Section 2 of the said statute is substituted, which runs:

The number of the deputies to be despatched from Croatia-Slavonia to the House of Deputies of the common Hungarian Parliament will in the future—beginning from the time at which the population of the military frontier, after the administrative union of the military frontier with the said subsidiary territories, is already taking actual part in constitutional life—be established at the fixed number of forty, without regard to the proportion of the population. The town of Fiume and the district of the littoral are not included herewith, in consideration of the reasons cited in Section 66 of Statute 30 of the year 1868. Should the number of the members of the House of Deputies of the common Hungarian Parliament, in general, suffer a change through a later law, then the above-mentioned number of the Croato-Slavonian members of the Hungarian House of Deputies will change in the same ratio in which the number of all the members of the House of Deputies, to be fixed by the new law, will stand to the present number of all the members of the same House of Deputies.

34. Croatia, Slavonia, and Dalmatia, elect their deputies for the

common Parliament from the midst of their own Provincial Diet, and, to wit, for that whole period to which the mandate of the common House of Deputies extends.

In the case that the Croatian-Slavonian-Dalmatian Diet should be dissolved in the interim, the deputies of Croatia, Slavonia, and Dalmatia, remain so long members of the common Parliament until the newly summoned Croatian-Slavonian-Dalmatian Diet elect new deputies.

Addition according to Section 4, Statute 34, 1873.

In the said case the Diet of Croatia, Slavonia, and Dalmatia, is to be summoned within three months from the dissolution.

35. The deputies of Croatia, Slavonia, and Dalmatia, exercise their right of personal utterance and voting at the discussion of those affairs which were explained as common in the above paragraphs; likewise independently, without instruction, exactly in the same way as the remaining members of the common Parliament.

36. Croatia, Slavonia, and Dalmatia, despatch two deputies from their midst also to the Upper House of the common Parliament.

*Note.*—Section 36 was annulled by Statute 15 of the year 1881; in its place Section 3 of the latter statute is substituted, which runs: Beginning from the period designated in Section 2 of the present statute (see above in Section 33), Croatia and Slavonia despatch three deputies, from the midst of their own Diet, to the Upper House of the common Parliament.

37. The magnates, as well as those secular and clerical office-bearers of Croatia, Slavonia, and Dalmatia, who had a seat and a vote in the Upper House of the Hungarian Parliament prior to 1848, will be also in the future, with equal right, members of the Upper House of the common Parliament, so long as this House is not organized on other bases.

*Note.*—This new organization is effected through Statute 7 of the year 1885.

38. The common affairs are discussed first, so far as it is possible, in the common Parliament and one after another; in each case consideration will be given to the fact that the deputies of Croatia, Slavonia, and Dalmatia, are left at least three months' time yearly for the discussion of their internal affairs in their own Diet.

39. The whole of the expenses of the common Parliament, and also indifferently the daily and quarterly allowance of the deputies of Croatia, Slavonia, and Dalmatia, are to be defrayed from the common State Treasury.

40. Since the common Parliament of the territories of the Hungarian Crown performs one part of its duties—i.e., the fixing of the estimates for the affairs recognized as common, springing

from the Pragmatic Sanction—through a delegation despatched from its midst, then as many members are elected to the Hungarian delegation from the common Parliament, out of the deputies of Croatia, Slavonia, and Dalmatia, as fall to them according to that principle on which the said subsidiary territories are represented in the common Parliament.

*Note.*—Section 40 was annulled by Statute 15 of the year 1881.

41. Accordingly it is fixed, that from the deputies of Croatia-Slavonia four are elected on the part of the House of Deputies, and one member on the part of the Upper House.

42. Should the number of the deputies of the Croatian-Slavonian-Dalmatian Diet augment in consequence of the territorial extension mentioned in Section 33, then the number of those members who are elected to the delegation from the deputies of Croatia, Slavonia, and Dalmatia, will be increased in corresponding ratio.

*Note.*—Annulled by Statute 15 of the year 1881.

43. With regard to all those affairs which are declared in Statute 12 of the year 1867, and in the present agreement, as common to all the territories of the Hungarian Crown—with exception of the affairs contained in Section 10—the Central Government residing in Buda-Pest exercises the executive power through its own organ also in Croatia, Slavonia, and Dalmatia.

44. From the point of view of the representation of the interests of Croatia, Slavonia, and Dalmatia, a special Croatian-Slavonian-Dalmatian Minister, without a portfolio, is appointed, for these territories, at the Central Government residing in Buda-Pest. This Minister is a member of the common Cabinet Council, with power to vote thereat, and responsible to the common Parliament. This same Minister forms the connection between His Majesty and the Government of Croatia, Slavonia, and Dalmatia.

*Note.*—Addition according to Section 5, Statute 34, 1873.

In this capacity he lays the report of the Ban (Viceroy) without alteration and without delay before His Majesty, and—only in the event that doubts should arise from the point of view of the community of state or community of interests, determined by Statute 30 of the year 1868—he lays before His Majesty, in case these doubts cannot be removed after hearing the Ban, simultaneously, but separately, his own observations concerning the matter, or those of the common Hungarian Government.

45. Concerning the territory of Croatia, Slavonia, and Dalmatia, the Central Government endeavours to act in agreement with the special Government of these lands. Since, however, it is responsible for its action to the common Parliament, in which Croatia, Slavonia, and Dalmatia, are also represented, its ordinances must therefore be supported on the part of the Croato-Slavonian

and Dalmatian Provincial Government and by the jurisdictions; indeed, in so far as the Central Government possesses no organs of its own, these ordinances must be directly carried out by the Provincial Government.

46. On demand of Croatia, Slavonia, and Dalmatia, it is secured to these lands that the Central Government—taking into consideration the necessary technical education—as far as possible appoints from the Croatian-Slavonian-Dalmatian natives both to the Croato-Slavonian departments of the central offices and to their organs which are active on the territory of the said lands.

47. As regards all those objects which are not reserved to the common Parliament and to the Central Government in this agreement, complete autonomy pertains to Croatia, Slavonia, and Dalmatia, both in the domain of the Legislature and of the Executive.

48. The autonomy of Croatia, Slavonia, and Dalmatia, extends therefore, both as to legislation and administration, to the governmental, religious, and educational affairs of these lands, as also to justice, under which, with exception of the Admiralty jurisdiction, is also to be understood administration of justice in every instance.

49. As regards the claims of religious funds and school funds, the debts as far as the past is concerned are adjusted by means of a reciprocal balancing of accounts.

*Note.*—Addendum according to Section 6, Statute 34, 1873:

After the reciprocal settlement has been accomplished, the share relating to Croatia and Slavonia in question is separated from the funds controlled in common, and transferred to the autonomous Government of the said lands.

50. At the head of the autonomous Provincial Government in Croatia, Slavonia, and Dalmatia, stands the Ban, who is responsible to the Croatian-Slavonian-Dalmatian Provincial Diet.

51. His Imperial and Apostolic Royal Majesty appoints the Ban of Croatia, Slavonia, and Dalmatia, on the proposal and under counter-signature of the Royal Hungarian Common Minister President.

52. The civil dignity of the Ban, however, is separated from the military for the future, and it is laid down as a rule that in future a military person may exercise no influence on the civil affairs of Croatia, Slavonia, and Dalmatia.

*Note.*—In place of the above version, according to Section 7, Statute 34, 1873, the following was substituted:

The Ban may not possess any military sphere of activity.

53. The Ban, in his civil position, bears also for the future the title "Ban of Croatia, Slavonia, and Dalmatia," and enjoys all privileges and dignities of the office of Ban which are compatible



with his new position. Accordingly, he remains in the future also a member of the Upper House of the common Parliament.

*Note.*—Section 53 was annulled by Section 8, Statute 34, 1873, and replaced by the following provision :

The Ban in future also bears the title “Ban of Croatia, Slavonia, and Dalmatia,” and remains a member of the Upper House of the common Parliament.

54. On the proposal of the Ban, and with the most gracious sanction of His Imperial and Apostolic Royal Majesty, the Croato-Slavonian and Dalmatian Provincial Diet will determine the future organization of the autonomous Provincial Government.

55. After the sanctioning of this agreement, the Croato-Slavonian Court of Chancery is forthwith dissolved.

56. The Croatian language is the language of the Legislature, of the administration, and of the administration of justice, throughout the whole territory of Croatia-Slavonia.

57. Within the confines of Croatia-Slavonia, the Croatian language is fixed as the official language also for the organs of the common Government.

58. Croato-Slavonian memorials and petitions from Croatia-Slavonia are to be accepted also by the common Government, and the decision on the same is to be given in the same language.

59. It is further declared that the deputies of Croatia-Slavonia, as the deputies of a political nation and of a country owning a special territory which possesses a Legislature and Government of its own for its internal affairs, may employ the Croatian language both in the common Parliament and also in its delegation.

60. The laws framed by the common Legislature for Croatia-Slavonia and Dalmatia are to be drawn up also in a Croatian original text, signed by His Majesty, and are to be forwarded to the Diet of the lands designated.

61. Croatia, Slavonia, and Dalmatia, can use their own united national colours and armorial bearings, within their confines and in their internal affairs, the latter, however, surmounted by the crown of St. Stephen.

62. The united armorial bearings of Hungary and Croatia, Slavonia, and Dalmatia, form the emblem of the common affairs of the lands of the Hungarian Crown.

63. At the time of the discussion of the common affairs, the united Croatian-Slavonian-Dalmatian flag is also to be hoisted next to the Hungarian flag on the building in which the common Parliament of the lands of the Hungarian Crown is held.

64. On the money which the lands of the Hungarian Crown will coin, the title “King of Croatia, Slavonia, and Dalmatia,” is also to be adopted in the royal title.

65. Hungary acknowledges the territorial integrity of Croatia, and promises to further the rounding off of the same. Also in the future Hungary will lay special stress on this—that that part of the military frontier which pertains to Croatia-Slavonia and the military communes situated in the military frontier be united with those territories as well in regard to legislation as to administration and jurisdiction; and as Hungary has also protested in this matter on numerous occasions up till now, so also in the future, by virtue of the right of the sacred Hungarian Crown, she will demand the reincorporation of Dalmatia, and will promote its union with Croatia.

As to the conditions of this reincorporation, however, Dalmatia must also be heard.

66. Within the meaning of the preceding paragraph are recognized as belonging to the territory of Croatia, Slavonia, and Dalmatia—

(1) That territory which at present belongs, together with the town and the district of Buccari, to the county of Fiume, with the exception of the town and of the district of Fiume.

The town, harbour, and district of Fiume form a special body affiliated to the Hungarian Crown (*"separatum sacræ regni coronæ adnexum corpus"*). An agreement on its special autonomy and the legislative and administrative relations thereof is to be concluded in common union by means of negotiations of deputations between the Hungarian Parliament, the Provincial Diet of Croatia, Slavonia, and Dalmatia, and also the town Fiume.

(2) The county of Agram, with the towns Agram and Karlstadt, as also the free district of Turmezo.

(3) The county of Warasdin, with the town of Warasdin.

(4) The county of Kreutz, with the town of Kreutz.

(5) The county of Pozega, with the town of Pozega.

(6) The county of Veröcze, with the town of Veröcze.

(7) The county of Symria.

(8) The county of Belovar.

*Note.*—No. 8 added by Section 9, Statute 34, 1873.

Further, the following frontier regiments:

(1) The Likkan.

(2) The Ottocsan.

(3) The Ogulin.

(4) The Sluine.

(5) The 1st Viceregal Regiment.

(6) The 2nd Viceregal Regiment.

(7) The (Regiment) of Warasdin and Kreutz.

(8) The (Regiment) of Warasdin and St. George.

(9) The (Regiment) of Gradisca.

(10) The Brood.

(11) The Peterwardein.

Finally, the present Dalmatia Regiment.

*Note.*—Nos. 7 and 8 drop out according to Section 8, Statute 34, 1873.

67. Until the territorial integrity of Croatia, Slavonia, and Dalmatia, described in the preceding paragraph, is re-established, Hungary consents that the Customs offices in Semlin, Mitrovitz, Racs, Klenak, and Jakova, be separated from the present direct administrative system, and subordinated to the Agram Board of Finance, in recognition of the territorial connection.

68. After the sanctioning of this agreement, those laws and existing decrees which stand in contradiction to the same become invalid.

69. On the other hand, all those constitutional rights and fundamental laws the enjoyment and protection of which has extended in the past to Hungary and Croatia-Slavonia equally, and which do not contradict this agreement, are considered also in the future as common rights and fundamental laws of the territories of the Hungarian Crown.

70. This agreement is entered as common fundamental law of Hungary and Croatia, Slavonia, and Dalmatia, in the special Statute Books of these lands, according to His Majesty's sanction. At the same time it is laid down that this agreement cannot form a subject for the particular Legislatures of the contracting countries, and that an alteration can only ensue in the same way as it (the agreement itself) was accomplished, subject to consent of all those factors which have concluded it.

#### STATUTE 44 OF THE YEAR 1868: THE LAW OF NATIONALITIES.

Since all citizens of Hungary, according to the principles of the constitution, form from a political point of view also one nation, the indivisible unitary Hungarian nation, of which every citizen of the fatherland is a member, no matter to what nationality he belongs ;

Since, moreover, the equality of right can only exist with reference to the official use of the various languages employed in the country, and can only fall under special rules so far as is rendered necessary by the unity of the country and the practical possibility of government and administration :

The following rules will serve as a standard with regard to the official use of the various languages, while in all other respects the complete equality of the citizen remains untouched :

1. Since by reason of the political unity of the nation the State

language of Hungary is Magyar, the language of deliberation and business in the Hungarian Parliament is also in future Magyar. The laws will be promulgated in the Magyar language, but are also to be published in an authentic translation in the languages of all other nationalities inhabiting the country. The official language of the Government in all branches of the administration is in future also Magyar.

2. The minutes of the county assemblies (*Jurisdictionen*) are to be kept in the official language of the State, but they can also be kept at the same time in that language which at least one-fifth of the members of the body or commission representing the jurisdiction desires to be the language of the minutes.

If divergencies occur between the different texts, the Magyar text is authoritative.

3. In the assemblies of the jurisdictions, every one who possesses the right to speak in them can speak either in Magyar or in his mother-tongue, if that tongue is not Magyar.

4. The jurisdictions, in their communications with the Government, employ the official language of the State, but they can also employ in a parallel column one of those languages which they use in their minutes. In communicating with each other, however, they can employ either the language of the State or one of those languages which has been adopted under Section 2 for the conduct of the minutes by that jurisdiction to which the communication is directed.

5. In the conduct of internal business the officials of the jurisdictions employ the language of the State. But in so far as this involves practical difficulties with regard to one or other jurisdiction or official, the officials in question can in exceptional cases employ one of the languages used for the minutes in their jurisdiction. Whenever, however, considerations of State supervision or administration demand it, their reports and official documents are to be submitted in the official language of the State also.

6. The officials of the jurisdictions, within the limits of their jurisdiction, in their official intercourse with the communes, assemblies, associations, institutions, and private individuals, employ, so far as possible, the language of the latter.

7. Every inhabitant of the country, in those cases in which, without the intervention of an advocate, he personally or through an attorney claims, or can claim, as plaintiff, defendant, or petitioner, the protection of the law and the help of the Judge, can employ—

(a) Before his own communal court, his mother tongue.

(b) Before any other communal court, the language of business or of the minutes of the commune in question.

(c) Before his own district court, the language of business or of the minutes of his own commune.

(d) Before any other courts, whether they belong to his own or to another jurisdiction, the language of the minutes employed by that jurisdiction to which the court in question belongs.

8. In cases to which Section 7 applies, the Judge deals with the charge or the petition in the language of the charge or the petition. He conducts in the language of the parties at law or the parties cited both the hearing of parties and witnesses, the examination in court and other legal functions of the Judge, both in civil cases, whether contested or not, and in criminal proceedings; but he conducts the reports of the trial in the language which the parties at law choose by mutual understanding from among the languages in which the minutes are conducted in the jurisdiction. Should an understanding not be reached in this connection, then the Judge can conduct the report of the trial in one of the languages used for the minutes in the jurisdiction, but is bound to declare its contents to the parties, if necessary, even by the help of an interpreter.

In the same way, the Judge is bound to declare or to get interpreted to the parties the most important documents of the trial, if these should be written in a language which one or other of the parties does not understand.

The writ of summons is, in the interests of the party to be summoned, to be drawn up in his mother tongue, if this can at once be ascertained; but otherwise in the language used for the minutes in the commune in which the party to be summoned dwells, or else in the official language of the State.

The decision of the Judge is to be pronounced in the language in which the reports of the trial were drawn up; but the Judge is bound to announce or publish it to each individual party in the language which the latter desires, in so far as the language is one of the languages used for the minutes by the local body (*Municipium*) to which the Judge belongs.

9. In all those civil and criminal actions which are to be conducted subject to the intervention of an advocate, the hitherto prevailing practice both as to the language in which the trial is to be conducted and as to the language in which the verdict is to be pronounced will be everywhere maintained in courts of first instance so long as the legislature does not come to any decision regarding the final organization of the courts of first instance and the introduction of oral proceedings.

10. The Church courts themselves prescribe their language of business.

11. In the land registration offices, the business language of the

particular law court is to be used for the conduct of their business; but, if the parties demand it, both the decision and the abstract (*Auszug*) are to be given in the official language of the State or in one of the languages used for the minutes of the local body (*Municipium*) in whose territory the registration office is situated.<sup>1</sup>

12. In appealed cases which were not conducted in the Magyar language, or in which certain of the documents are not Magyar, the Court of Appeal gets the records of the trial and the documents, so far as is necessary, translated into Magyar by those accredited translators who are to be appointed at the expense of the State at the Courts of Appeal, and brings up the action for trial in this attested translation. The Court of Appeal will always draw up its decrees, resolutions, and judgments, in the official language of the State.

When the case has gone down (*herabgelangt*) to the competent court of first instance, the latter will be bound to announce or publish the decree, resolution, or judgment, to each party in the language in which the latter demands it, provided that this language is the business language of the court or a language of the minutes in the local body (*Municipium*).

13. The official language of all courts which are appointed by the Government is exclusively Magyar.<sup>2</sup>

14. The Church congregation can, without infringement of the legal rights of their ecclesiastical superiors, prescribe, according to their pleasure, the language in which the registers are to be drawn up and in which the Church affairs are to be conducted, and, further, within the limits of the Education Act, the language of instruction in their schools.

15. The higher Church corporations and authorities themselves determine the language of deliberation, of the minutes, of the conduct of business, and of intercourse with their parishes. If this should not happen to be the official language of the State, then, from considerations of State supervision, the minutes are to be submitted in an authentic translation in the language of the State also.

When the different Churches or higher ecclesiastical authorities communicate with one another, they employ either the official language of the State or the language of that Church with which they are communicating.

16. The upper and supreme Church authorities, in their memorials to the Government, can make use either of their business language or their language of minutes, adding in parallel columns

<sup>1</sup> *Municipium* includes county assemblies and town councils.

<sup>2</sup> By Statute 4 of 1869, Section 3, all Judges are nominated by the King, with the counter-signature of the Minister of Justice.

the official language of the State. In their memorials to the local bodies (*Municipien*) and their organs they can use the language of the State, or, when the minutes are in several languages, one of these; but the Church congregation, in their official intercourse with the Government and with their own jurisdictions, can use the official language of the State or their own business language, while in their intercourse with other jurisdictions they can employ one of the languages used by the latter for its minutes.

17. So far as the law does not make provision, the right of deciding the language of instruction in those schools which have already been erected by the State or the Government, or which may be in future erected as need arises, forms part of the duties of the Minister of Education.<sup>1</sup> But since from the standpoint of general culture and the commonweal the success of public instruction is one of the highest objects of the State also, the State is bound to insure that citizens, of whatever nationality, living together in considerable numbers, shall be able to obtain instruction in their mother tongue in the neighbourhood of the district where they live, up to the point where higher academic education begins.

18. In the secondary and higher educational institutions belonging to the State which at present exist, or may in future be erected in districts where more than one language is in general use, chairs of language and literature are to be established for each of these languages.

19. In the National University the language of the lectures is Magyar. At the same time, chairs are to be established for the languages employed in the country and for their literatures, in so far as such chairs have not already been established.

20. The communal assemblies themselves choose the language of their business and minutes. The minutes are also to be kept in that language which one-fifth of the voting members regards as necessary.

21. The communal officials are bound in their intercourse with persons belonging to the commune to use the language of the latter.

22. In its memorials to its local body (*Municipium*) and the latter's organs, and to the Government, the commune can employ the official language of the State or its own business language; in its memorials to other local assemblies and their organs, either the official language of the State or one of the languages in which the local body in question keeps its minutes.

23. Every citizen of the country can submit his memorials to

<sup>1</sup> Cf. Hungarian Introduction, p. 292.

his own commune, to his ecclesiastical authorities, to his local body (*Municipium*) and its organs, and to the Government, in his mother tongue.

In his memorials to other communes or local bodies (*Municipia*) and their organs, he can employ either the official language of the State or the language of the minutes, or one of the languages used for its minutes by the commune or local body in question.

The use of languages in the administration of justice is regulated by Sections 7 to 13.

24. In communal and Church assemblies, those who have the right to speak can freely use their mother tongue.

25. When private persons, Churches, private societies, or educational institutions and communes lacking autonomy, do not, in their memorials to the Government, employ the official language of the State, the Magyar original text of the document dealing with such memorials is to be supplemented by an authentic translation in the language of the memorial.

26. As hitherto so in the future, both individual citizens, communes, Churches, and congregations, of whatever nationality, shall have the right to erect by their own exertions, and in the way of association, both elementary, secondary, and higher educational institutions. With this object, and for the erection of other institutions which advance the cause of language, art, science, agriculture, industry, and commerce, the individual citizens can, subject to the legal control of the State, join together in societies and leagues, can draw up statutes, and, after the Government has sanctioned these statutes, can act in accordance with them; they can also collect money funds, and can, subject indeed to Governmental control, administer these funds in conformity with their lawful national claims.

Educational and other institutions which have been founded in this manner enjoy equal rights with State institutions of a similar character, but the schools only in the event of the provisions of the Law of Public Instruction being observed.

The language of private institutions and societies is prescribed by the founders.

The societies and the institutions founded by them communicate with one another in their own language; in their intercourse with others, the provisions of Section 23 are decisive with regard to the use of language.

27. Since in future, also, personal capacity will be the decisive factor in the filling of offices, a person's nationality cannot be regarded as an obstacle to his appointment to an office or dignity in the country. On the contrary, the Government will take care that, in the judicial and administrative offices of the country, espe-



cially in the office of Lord Lieutenant, persons of the various nationalities shall, so far as possible, be employed who possess the necessary linguistic knowledge to a full degree, and who are also otherwise qualified.

28. The provisions of the older laws which conflict with the above regulations are hereby annulled.

29. The provisions of this law do not extend to Croatia, Slavonia, and Dalmatia, which possess a special territory and form politically a special nation; for these (countries) the decision in matters of language will depend upon that agreement which has been reached between the Hungarian Parliament on the one hand, and the Croato-Slavonian Parliament on the other hand, by right of which the deputies of these countries may, in the joint Hungaro-Croatian Parliament, speak in their mother tongue also.

### III.—INTERNATIONAL TREATIES AND NOTES

#### TREATY OF BERLIN.<sup>1</sup>

(SIGNED JULY 13, 1878.)

ARTICLE 1. Bulgaria is constituted an autonomous and tributary principality under the suzerainty of His Imperial Majesty the Sultan. It will have a Christian Government and a national militia.

ARTICLE 2. The principality of Bulgaria will include the following territories:

- (a) Boundary between Bulgaria and Roumania (set forth).
- (b) Boundary between Bulgaria and Eastern Roumelia (set forth).
- (c) Boundary between Bulgaria and Turkey (set forth).
- (d) Boundary between Bulgaria and Servia (set forth).

This delimitation shall be fixed on the spot by the European Commission on which the signatory Powers shall be represented. It is understood—

1. That this Commission will take into consideration the necessity for His Imperial Majesty the Sultan to be able to defend the Balkan frontiers of Eastern Roumelia.

2. That no fortifications may be erected within a radius of 10 kilometres from Samakow.

ARTICLE 3. The Prince of Bulgaria shall be freely elected by the population and confirmed by the Sublime Porte, with the assent of the Powers.<sup>2</sup> No member of the reigning dynasties of the great European Powers may be elected Prince of Bulgaria.

<sup>1</sup> The text is taken from Sir Edward Hertslet's "The Map of Europe by Treaty," and to the same source most, if not all, of the comments are due.

<sup>2</sup> Prince Alexander of Battenberg, son of Prince Alexander of Hesse, was elected Prince of Bulgaria, with hereditary right, by the Assembly of Notables, at Tirnova, April 29, 1879, and assumed the government June 28, 1879. The election was confirmed by a firman of the Sultan, July 25, 1879, and was assented to by the Powers individually. On August 21, 1886, Prince Alexander was forcibly carried off, but he returned and resumed power on August 29. On September 7 he abdicated, when a provisional regency was established. In 1887 Prince Ferdinand of Saxe-Coburg was elected to the vacant principality.

In case of a vacancy in the princely dignity, the election of the new Prince shall take place under the same conditions and with the same forms.

ARTICLE 4. An Assembly of Notables of Bulgaria,<sup>1</sup> convoked at Tirnovo,<sup>2</sup> shall, before the election of the Prince, draw up the organic law of the principality.<sup>3</sup>

In the districts where Bulgarians are intermixed with Turkish, Roumanian, Greek, or other populations, the rights and interests of these populations shall be taken into consideration as regards the elections and the drawing up of the organic law.

ARTICLE 5. The following points shall form the basis of the public law of Bulgaria :

The difference of religious creeds and confessions shall not be alleged against any person as a ground for exclusion or incapacity in matters relating to the enjoyment of civil and political rights, admission to public employments, functions, and honours, or the exercise of the various professions and industries, in any locality whatsoever.

The freedom and outward exercise of all forms of worship are assured to all persons belonging to Bulgaria as well as to foreigners, and no hindrance shall be offered either to the hierarchical organization of the different communions, or to their relations with their spiritual chiefs.

ARTICLE 6. The provisional administration of Bulgaria shall be under the direction of an Imperial Russian Commissary until the completion of the organic law. An Imperial Turkish Commissary, as well as the Consuls delegated *ad hoc* by the other Powers signatory of the present treaty, shall be called to assist him, so as to control the working of this provisional régime. In case of disagreement among the consular delegates, the vote of the majority shall be accepted ; and in case of a divergence between the majority and the Imperial Russian Commissary or the Imperial Turkish Commissary, the representatives of the signatory Powers at Constantinople, assembled in conference, shall give their decision.

ARTICLE 7. The provisional régime shall not be prolonged beyond a period of nine months from the exchange of the ratifications of the present treaty.<sup>4</sup>

When the organic law is completed, the election of the Prince of Bulgaria shall be proceeded with immediately. As soon as the Prince shall have been installed, the new organization shall be put

<sup>1</sup> Elected December 31, 1878.

<sup>2</sup> February 26, 1879.

<sup>3</sup> The Bulgarian Constitution was adopted and promulgated at Tirnovo on April 16 (28), 1879 ; suspended May 10, 1881 ; modifications ratified, July 13, 1881 ; and re-established September 18, 1883.

<sup>4</sup> Ratifications exchanged at Berlin, with the exception of the Turkish, August 3, 1878. The Turkish ratifications were exchanged on August 28, 1878.

into force, and the principality shall enter into the full enjoyment of its autonomy.

ARTICLE 8. The treaties of commerce and navigation, as well as all the conventions and arrangements concluded between foreign Powers and the Porte, and now in force, are maintained in the principality of Bulgaria, and no change shall be made in them with regard to any Power without its previous consent.

No transit duties shall be levied in Bulgaria on goods passing through that principality.

The subjects and citizens and commerce of all the Powers shall be treated in the principality on a footing of strict equality.

The immunities and privileges of foreigners, as well as the rights of consular jurisdiction and protection as established by the capitulations and usages, shall remain in force so long as they shall not have been modified with the consent of the parties concerned.

ARTICLE 9. The amount of the tribute which the principality of Bulgaria shall pay to the Suzerain Court—such amount being paid into whatever bank the Porte may hereafter designate—shall be fixed by an agreement between the Powers signatory of the present treaty at the close of the first year of the working of the new organization. This tribute shall be calculated on the mean revenue of the territory of the principality.

As Bulgaria is to bear a portion of the public debt of the empire, when the Powers fix the tribute they shall take into consideration what proportion of that debt can, on the basis of a fair proportion, be assigned to the principality.<sup>1</sup>

ARTICLE 10. Bulgaria takes the place of the Imperial Ottoman Government in its undertakings and obligations towards the Rustchuk-Varna Railway Company, dating from the exchange of

<sup>1</sup> By an arrangement between the Porte and the delegates of the foreign bondholders, Constantinople, December 20, 1881, Article 5, it was agreed that, so long as this tribute shall not have been fixed by the signatory Powers of the Treaty of Berlin, the Government will replace it, commencing from January 1 (13), 1882, by an annual sum of £T100,000, to be taken from the tobacco tithe. The said tribute being once fixed, should the Sublime Porte think right to apply the whole or part of it to some other purpose, the sum thus disposed of shall be replaced by an equal sum to be taken from the tithe on tobaccos; and in case that shall not prove sufficient, from some other revenue equally sure. By the organic statute of Eastern Roumelia, April 26, 1879, a sum of £T240,000, out of a revenue estimated at £T500,000, was to be paid to the Central Turkish Government. On December 20, 1882, a law was passed by the Provincial Assembly at Timovo, reducing the Turkish tribute to £T180,000, on the ground that the annual revenues were estimated at £T600,000, for a period of five years from 1883; but the Council of the Administration of the Public Debt took exception to this law, as being likely seriously to affect the payment by Turkey of interest upon her debt, and neither the treaty Powers nor the Porte gave their sanction to it. On November 3, 1887 (after the absorption by Bulgaria of Eastern Roumelia in 1885), an agreement was entered into between Turkey and the Bulgarian Government for the annual payment to the Porte of £T130,000 on account of the Eastern Roumelian tribute.

the ratifications of the present treaty. The settlement of the previous accounts is reserved for an understanding between the Sublime Porte, the Government of the principality, and the administration of this company.

The principality of Bulgaria likewise, so far as it is concerned, takes the place of the Sublime Porte in the engagements which the latter has contracted as well towards Austria-Hungary as towards the company, for working the railways of European Turkey, in respect to the completion and connection as well as the working of the railways situated in its territory.

The conventions necessary for the settlement of these questions shall be concluded between Austria-Hungary, the Porte, Servia, and the principality of Bulgaria, immediately after the conclusion of peace.<sup>1</sup>

ARTICLE 11. The Ottoman Army shall no longer remain in Bulgaria; all the old fortresses shall be razed at the expense of the principality within one year, or sooner if possible; the local Government shall immediately take steps for their demolition, and shall not construct fresh ones.<sup>2</sup>

The Sublime Porte shall have the right of disposing as it likes of the war material and other effects belonging to the Ottoman Government which may have remained in the fortresses of the Danube already evacuated in virtue of the armistice of January 31, as well as of those in the strongholds of Shumla or Varna.

ARTICLE 12. Mussulman proprietors or others who may take up their abode outside the principality may continue to hold there their real property by farming it out or having it administered by third parties.

A Turko-Bulgarian Commission shall be appointed to settle, within a period of two years, all questions relative to the mode of alienation, working, or use on account of the Sublime Porte, of property belonging to the State and religious foundations (*Vakoufs*), as well as of the questions regarding the interests of private persons engaged therein.<sup>3</sup>

Persons belonging to the principality of Bulgaria who shall travel or dwell in the other parts of the Ottoman Empire shall be subject to the Ottoman authorities and laws.

ARTICLE 13. A province is formed south of the Balkans, which will take the name of Eastern Roumelia, and will remain under the direct political and military authority of His Imperial Majesty the Sultan under conditions of administrative autonomy. It shall have a Christian Governor-General.

ARTICLE 14. Boundaries of Eastern Roumelia with Bulgaria and to the south (set out).

<sup>1</sup> See note to Article 37, *infra*.

<sup>2</sup> This provision has not been carried out.

<sup>3</sup> No such arrangement was subsequently made.

ARTICLE 15. His Majesty the Sultan shall have the right of providing for the defence of the land and sea frontiers of the province by erecting fortifications on those frontiers and maintaining troops there.

Internal order is maintained in Eastern Roumelia by a native gendarmerie assisted by a local militia.

In forming these corps, the officers of which are nominated by the Sultan, regard shall be had in the different localities to the religion of the inhabitants.

His Imperial Majesty the Sultan undertakes not to employ irregular troops, such as Bashi-Bazouks and Circassians, in the garrisons of the frontiers. The regular troops detailed for this service must not in any case be billeted on the inhabitants. When they pass through the province, they shall not make a stay there.

ARTICLE 16. The Governor-General shall have the right of summoning Ottoman troops in the event of the internal or external security of the province being threatened. In such an eventuality the Sublime Porte shall inform the representatives of the Powers at Constantinople of such a decision, as well as of the exigencies which justify it.

ARTICLE 17. The Governor-General of Eastern Roumelia shall be nominated by the Sublime Porte for a term of five years.<sup>1</sup>

ARTICLE 18. Immediately after the exchange of the ratifications of the present treaty, a European Commission shall be formed to arrange, in concert with the Ottoman Porte, the organization of Eastern Roumelia. The Commission will have to determine, within three months, the powers and functions of the Governor-General, as well as the administrative, judicial and financial system of the province, taking as its basis the various laws of the vilayets and the proposals made in the eighth sitting of the Conference at Constantinople.<sup>2</sup>

The whole of the arrangements determined on for Eastern Roumelia shall form the subject of an imperial firman which will be issued by the Sublime Porte, and which it will communicate to the Powers.<sup>3</sup>

<sup>1</sup> On May 16, 1879, a Turkish firman was issued nominating Aleko Pasha Governor-General of Eastern Roumelia for five years, and at the expiration of that period another firman was issued, on May 16, 1884, appointing Gabriel Pasha Crestovitch Governor-General for a like period; but on September 18, 1885, a revolution broke out, when Crestovitch was deposed, a Provisional Government formed, and Prince Alexander of Battenberg proclaimed Governor-General. By Section 1 of Protocol 8, April 5, 1886, of the Conferences held at Constantinople, between the treaty Powers, including Turkey, it was agreed that the governor-generalship of Eastern Roumelia should be entrusted to the Prince of Bulgaria.

<sup>2</sup> December 23, 1876.

<sup>3</sup> In August, 1878, Sir Henry Drummond Wolff and the Earl of Donoughmore were appointed British members of this Commission which sat from September 30, 1878, till June 8, 1879. The organic statute was signed by all the Powers, and confirmed by a firman on May 16 following.

ARTICLE 19. The European Commission shall be charged to administer, in concert with the Sublime Porte, the finances of the province until the completion of the new organization.

ARTICLE 20. The treaties, conventions, and international arrangements of any kind whatsoever concluded or to be concluded between the Porte and foreign Powers, shall apply in Eastern Roumelia as in the whole Ottoman Empire. The immunities and privileges acquired by foreigners, whatever their status, shall be respected in this province. The Sublime Porte undertakes to enforce there the general laws of the empire on religious liberty, in favour of all forms of worship.

ARTICLE 21. The rights and obligations of the Sublime Porte with regard to the railways of Eastern Roumelia are maintained in their integrity.

ARTICLE 22. The strength of the Russian corps of occupation in Bulgaria and Eastern Roumelia, which shall be composed of six divisions of infantry and two divisions of cavalry, shall not exceed 50,000 men. It shall be maintained at the expense of the country occupied. The army of occupation will preserve its communications with Russia, not only through Roumania, in accordance with arrangements to be concluded between the two States, but also through the ports of the Black Sea, Varna and Bourgas, where it may during the period of occupation organize the necessary depots.

The period of the occupation of Eastern Roumelia and Bulgaria by the Imperial Russian troops is fixed at nine months from the date of the exchange of the ratifications of the present treaty.<sup>1</sup>

The Imperial Russian Government undertakes that within a further period of three months the passage of its troops across Roumania shall cease, and that principality shall be completely evacuated.<sup>2</sup>

ARTICLE 23. The Sublime Porte undertakes scrupulously to apply in the island of Crete the organic law of 1868, with such modifications as may be considered equitable.

Similar laws adapted to local requirements, excepting as regards the exemption from taxation granted to Crete, shall also be introduced into the other parts of Turkey in Europe for which no special organization has been provided by the present treaty.<sup>3</sup>

The Sublime Porte shall depute special Commissions, in which

<sup>1</sup> On April 23, 1879, proclamations were issued by the Emperor of Russia to the Bulgarians of the principality, and to the Bulgarians of Eastern Roumelia, announcing the commencement of the evacuation of the principality and province by Russian troops.

<sup>2</sup> The evacuation commenced on May 3, 1879, and by August 1, 1879, all the Russian troops had quitted the principality.

<sup>3</sup> No such laws have been issued.

the native element shall be largely represented, to settle the details of the new laws in each province. The schemes of organization resulting from these labours shall be submitted for examination to the Sublime Porte, which, before promulgating the Act for putting them into force, shall consult the European Commission instituted for Eastern Roumelia.<sup>1</sup>

ARTICLE 24. In the event of the Sublime Porte and Greece being unable to agree upon the rectification of frontier suggested in the thirteenth protocol of the Congress of Berlin, Germany, Austria-Hungary, France, Great Britain, Italy, and Russia, reserve to themselves to offer their mediation to the two parties to facilitate negotiations.

ARTICLE 25. The provinces of Bosnia and Herzegovina shall be occupied and administered by Austria-Hungary.<sup>2</sup> The Government of Austria-Hungary not desiring to undertake the administration of the sandjak of Novi Bazar,<sup>3</sup> which extends between Servia and Montenegro in a south-easterly direction to the other side of Mitrovitza, the Ottoman Administration will continue to exercise its functions there. Nevertheless, in order to assure the maintenance of the new political state of affairs, as well as freedom and security of communications, Austria-Hungary reserves the right of keeping garrisons and having military and commercial roads in the whole of this part of the ancient vilayet of Bosnia. To this end the Governments of Austria-Hungary and Turkey reserve to themselves to come to an understanding on the details.

ARTICLE 26. The independence of Montenegro is recognized by the Sublime Porte and by all those of the high contracting parties who had not hitherto admitted it.

ARTICLE 27. The high contracting parties are agreed on the following conditions:

In Montenegro the difference of religious creeds and confessions shall not be alleged against any person as a ground for exclusion or incapacity in matters relating to the enjoyment of civil and

<sup>1</sup> On August 23, 1880, the European Commission signed an Act approving a draft of a new organic law for the European provinces of Turkey (Roumelia), which was presented by the Porte. But this *projet de loi* never became law.

<sup>2</sup> On July 28, 1878, an Austrian proclamation was issued to the inhabitants of Bosnia and the Herzegovina on the entrance of Austrian troops into those territories. On the following day the Austrian troops crossed the Save at Gradoska and Brod, and on their crossing from Dalmatia into the Herzegovina a few days later, an armed insurrection took place which lasted till September. On November 9, 1878, an Austrian proclamation of amnesty was issued to the inhabitants of Bosnia and the Herzegovina who had taken part in the insurrection against Austrian troops.

<sup>3</sup> On April 21, 1878, a convention was signed between Austria and Turkey, by which it was agreed that Austria should give notice before sending troops into the sandjak of Novi Bazar. In September, 1879, the Austrian troops occupied the sandjak of Novi Bazar, and on December 20 a law was passed including Bosnia and the Herzegovina in the Austro-Hungarian Customs Union.



political rights, admission to public employments, functions, and honours, or the exercise of the various professions and industries, in any locality whatsoever.

The freedom and outward exercise of all forms of worship shall be assured to all persons belonging to Montenegro, as well as to foreigners, and no hindrance shall be offered either to the hierarchical organization of the different communions or to their relations with their spiritual chiefs.

ARTICLE 28. The new frontiers of Montenegro (set forth).<sup>1</sup>

ARTICLE 29. Antivari and its seaboard are annexed to Montenegro under the following conditions:

The districts situated to the south of that territory, in accordance with the delimitation above laid down, as far as the Boyana, including Dulcigno, shall be restored to Turkey.

The commune of Spizza, as far as the southernmost point of the territory indicated in the detailed description of the frontiers, shall be incorporated with Dalmatia.<sup>2</sup>

Montenegro shall have full and complete freedom of navigation on the Boyana. No fortifications shall be constructed on the course of that river, except such as may be necessary for the local defence of the stronghold of Scutari, and they shall not extend beyond a distance of 6 kilometres from that town.

Montenegro shall have neither ships of war nor flag of war.

The port of Antivari and all the waters of Montenegro shall remain closed to the ships of war of all nations.

The fortifications situated on Montenegrin territory between the lake and the coast shall be razed, and none shall be rebuilt within this zone.

The administration of the maritime and sanitary police, both at Antivari and along the coast of Montenegro, shall be carried out by Austria-Hungary by means of light coastguard boats.

Montenegro shall adopt the maritime code in force in Dalmatia. On her side, Austria-Hungary undertakes to grant consular protection to the Montenegrin merchant flag.

Montenegro shall come to an understanding with Austria-Hungary on the right to construct and keep up across the new Montenegrin territory a road and a railway.

Absolute freedom of communication shall be guaranteed on these roads.

ARTICLE 30. Mussulmans or others possessing property in the territories annexed to Montenegro, who may wish to take up their

<sup>1</sup> Subsequently modified, particularly by the Convention of November 25, 1880, by the cession of Dulcigno to Montenegro, after a demonstration by the fleets of the Powers on September 28, 1880.

<sup>2</sup> The district of Spizza was incorporated in the kingdom of Dalmatia by an Austrian law dated April 15, 1879.

residence outside the principality, can retain their real property either by farming it out or by having it administered by third parties.<sup>1</sup>

No one shall be liable to be expropriated otherwise than by legal process for the public welfare, and with a previous indemnity.

A Turco-Montenegrin Commission shall be appointed to settle within a period of three years all questions relative to the mode of alienation, working, or use on the account of the Sublime Porte of property belonging to the State and religious foundations (*Vakoufs*) as well as of the questions regarding the interests of private parties engaged therein.<sup>2</sup>

ARTICLE 31. The principality of Montenegro shall come to a direct understanding with the Ottoman Porte with regard to the establishment of Montenegrin agents at Constantinople and at certain places in the Ottoman Empire where the necessity for them shall be admitted.

Montenegrins travelling or residing in the Ottoman Empire shall be subject to the Ottoman laws and authorities, according to the general principles of international law and the customs established with regard to Montenegrins.

ARTICLE 32. The Montenegrin troops shall be bound to evacuate within twenty days from the date of the ratification of the present treaty, or sooner if possible, the territory that they at present occupy beyond the new limits of the principality.<sup>3</sup>

The Ottoman troops shall evacuate the territories ceded to Montenegro within the same period of twenty days. A supplementary period of fifteen days shall, however, be granted to them, as well for evacuating the fortresses and withdrawing the stores and material of war from them as for drawing up inventories of the implements and articles which cannot be immediately removed.<sup>4</sup>

ARTICLE 33. As Montenegro is to bear a portion of the Ottoman public debt for the new territories assigned to her by the Treaty of Peace, the representatives of the Powers at Constantinople shall determine the amount of the same, in concert with the Sublime Porte, on an equitable basis.<sup>5</sup>

ARTICLE 34. The high contracting parties recognize the independence of the principality of Serbia, subject to the conditions set forth in the following article:<sup>6</sup>

<sup>1</sup> An arrangement respecting emigrants was made between Turkey and Montenegro on October 21, 1886, which was approved on January 20, 1888.

<sup>2</sup> No such arrangement has been made.

<sup>3</sup> Dulcigno, etc. The evacuation took place on February 8, 1879.

<sup>4</sup> Spuz, Zabliak, Podgoritz, etc., were also evacuated by the Ottoman troops on February 8, 1879.

<sup>5</sup> No amount has been settled, and nothing has been paid.

<sup>6</sup> Serbia proclaimed her independence on August 22, 1878, and a British Minister was accredited to the Prince on March 3, 1879. At the invitation of the Skuptchina, the Prince assumed the title of King on March 6, 1882.

**ARTICLE 35.** In Servia the difference of religious creeds and confessions shall not be alleged against any person as a ground for exclusion or incapacity in matters relating to the enjoyment of civil and political rights, admission to public employments, functions, and honours, or the exercise of the various professions and industries, in any locality whatsoever.

The freedom and outward exercise of all forms of worship shall be assured to all persons belonging to Servia, as well as to foreigners, and no hindrance shall be offered either to the hierarchical organization of the different communions or to their relations with their spiritual chiefs.

**ARTICLE 36.** Boundaries between Servia and Bosnia, Servia and Turkey, and Servia and Bulgaria (set out).

**ARTICLE 37.** Until the conclusion of fresh arrangements, no change shall be made in Servia in the actual conditions of the commercial intercourse of the principality with foreign countries.<sup>1</sup>

No transit duties shall be levied on goods passing through Servia.

The immunities and privileges of foreign subjects, as well as the rights of consular jurisdiction and protection, as at present existing, shall remain in full force so long as they shall not have been modified by mutual consent between the principality and the Powers concerned.<sup>2</sup>

**ARTICLE 38.** The principality of Servia takes the place, so far as it is concerned, of the Sublime Porte in the engagements which the latter has contracted as well towards Austria-Hungary as towards the company for the working of the railways of Turkey in Europe,<sup>3</sup> in respect to the completion and connection as well as the working of the railways to be constructed on the territory newly acquired by the principality.

The conventions necessary for settling these questions shall be concluded, immediately after the signature of the present treaty, between Austria-Hungary, the Porte, Servia, and, within the limits of its competency, the principality of Bulgaria.

<sup>1</sup> A treaty of commerce was concluded between Great Britain and Servia on February 7, 1880. Commercial treaties have also been concluded between Servia and other foreign Powers.

<sup>2</sup> Several countries have concluded consular conventions with Servia. In the treaty between Great Britain and Servia of February 7, 1880, the former Power gave a conditional assent to the abolition of the capitulations.

<sup>3</sup> On June 26 (July 8), 1878, a convention was concluded between Austria-Hungary and Servia, by which the Government of Austria-Hungary engaged to connect within three years its railway system with that of Servia at Belgrade; the Servian Government engaging, on its part, to join and work in conformity with the decision of the Congress the projected railway-lines, which diverged towards the ancient frontier of Alexinitza, on one side by Bellova, and on the other by way of Salonica-Mitrovitza, and, further, to construct and work a junction line between Belgrade and Nisch. The two Governments also engaged to act together to form junction

ARTICLE 39. Mussulmans possessing property in the territories annexed to Serbia, who may wish to reside outside the principality, may retain their real property either by farming it out or by having it administered by third parties.

A Turco-Servian Commission shall be appointed to settle within a period of three years all questions relative to the mode of alienation, working, or use on the account of the Sublime Porte, of the property belonging to the State and the religious foundations (*Vakoufs*), as well as of the questions regarding the interests of private persons engaged therein.

ARTICLE 40. Until the conclusion of a treaty between Turkey and Serbia, Servian subjects travelling or residing in the Ottoman Empire shall be treated according to the general principles of international law.<sup>1</sup>

ARTICLE 41. The Servian troops shall be bound to evacuate within fifteen days from the exchange of the ratifications of the present treaty the territory not comprised within the new limits of the principality.

The Ottoman troops shall evacuate the territories ceded to Serbia within the same term of fifteen days. A supplementary term of an equal number of days shall, however, be granted to them, as well for evacuating the fortresses and withdrawing the provisions and materials of war as for drawing up the inventory of the implements and objects which cannot be removed at once.

ARTICLE 42. As Serbia is to bear a portion of the Ottoman public debt for the new territories assigned to her by the present treaty, the representatives (of the Powers) at Constantinople shall fix the amount of it, in concert with the Sublime Porte, on an equitable basis.<sup>2</sup>

ARTICLE 43. The high contracting parties recognize the independence of Roumania, subject to the conditions set forth in the two following articles:<sup>3</sup>

ARTICLE 44.—In Roumania the difference of religious creed

lines with the Ottoman and Bulgarian railways, and agreed that after the conclusion of peace a Commission, composed of delegates from Austria-Hungary, Serbia, Turkey, and Bulgaria, should meet at Vienna in order to draw up the necessary convention on the subject. By the same convention Austria-Hungary undertook to execute the works at the Iron Gates and the Cataracts at Orsova, without asking any financial assistance from the principality of Serbia.

<sup>1</sup> A provisional consular arrangement was concluded between Turkey and Serbia on September 4, 1886.

<sup>2</sup> No settlement was arrived at, and no such payment has been made.

<sup>3</sup> Roumania had proclaimed her independence on May 22 (June 3), 1877. The Prince assumed the title of Royal Highness in September, 1878. On February 2, 1880, the British, French and German representatives at Bucharest presented identical notes to the Roumanian Government, recognizing the independence of the principality, and on March 26, 1881, the Prince assumed the title of King.

and confessions shall not be alleged against any person as a ground for exclusion or incapacity in matters relating to the enjoyment of civil and political rights, admission to public employments, functions, and honours, or the exercise of the various professions and industries in any locality whatsoever.

The freedom and outward exercise of all forms of worship shall be assured to all persons belonging to the Roumanian State, as well as to foreigners, and no hindrance shall be offered either to the hierarchical organization of the different communions or to their relations with their spiritual chiefs.<sup>1</sup>

The subjects and citizens of all the Powers, traders or others, shall be treated in Roumania, without distinction of creed, on a footing of perfect equality.

ARTICLE 45. The principality of Roumania restores to His Majesty the Emperor of Russia that portion of the Bessarabian territory detached from Russia by the Treaty of Paris of 1856, bounded on the west by the mid-channel of the Pruth, and on the south by the mid-channel of the Kilia branch and the Stry-Stamboul mouth.<sup>2</sup>

ARTICLE 46. The islands forming the delta of the Danube, as well as the Isle of Serpents, the sandjak of Toultscha, comprising the districts (*Cazas*) of Kilia, Soulina, Mahmoudié, Isaktcha, Toultscha, Matchin, Babadagh, Hirsovo, Kustendje, Medjidié, are added to Roumania. The principality receives in addition the territory situated to the south of the Dobroutcha, as far as a line starting from the east of Silistria, and terminating on the Black Sea, south of Mangalia.

The frontier line shall be determined on the spot by the European Commission appointed for the delimitation of Bulgaria.

ARTICLE 47. The question of the division of the waters and the fisheries shall be submitted to the arbitration of the European Commission of the Danube.

ARTICLE 48. No transit dues shall be levied in Roumania on goods passing through the principality.

<sup>1</sup> This condition was due to the fact that by Article 7 of the constitution of June 30, 1866, foreigners of Christian rites can alone obtain naturalization. Jews were thus excluded. In consequence of this article of the Berlin Treaty, a Roumanian law was passed on October 25, 1879, amending Article 7 of the constitution, enabling all foreigners to become naturalized, and further providing that Roumanians, either by birth or naturalization, shall be entitled to acquire rural property (*des immeubles ruraux*) in Roumania. As far as the Jews are concerned, this law has remained practically a dead letter, and the treatment of that nationality in Roumania still remains a scandal.

<sup>2</sup> On October 21, 1878, a Russian proclamation was issued announcing the incorporation of Roumanian Bessarabia with Russia, and the consequent extension of the Russian frontier to the Pruth and the Danube. On December 17, 1878, a *procès-verbal* was signed between Russia and Roumania, fixing the limits of the Bessarabian territory retroceded to Russia.

ARTICLE 49. Roumania shall have the power to make conventions to determine the privileges and attributes of Consuls in regard to protection within the principality. Existing rights shall remain in force so long as they shall not have been modified by the mutual consent of the principality and the parties concerned.<sup>1</sup>

ARTICLE 50. Until the conclusion of a treaty between Turkey and Roumania, fixing the privileges and attributes of Consuls, Roumanian subjects travelling or residing in the Ottoman Empire, and Ottoman subjects travelling or residing in Roumania shall enjoy the rights guaranteed to the subjects of other European Powers.

ARTICLE 51. With regard to public works and other enterprises of a like nature, Roumania shall be substituted for the Sublime Porte as regards its rights and obligations throughout the ceded territory.

ARTICLE 52. In order to increase the guarantees which assure the freedom of navigation on the Danube, which is recognized as of European interest, the high contracting parties determine that all the fortresses and fortifications existing on the course of the river from the Iron Gates to its mouths shall be razed, and no new ones erected. No vessel of war shall navigate the Danube below the Iron Gates, with the exception of vessels of light tonnage, in the service of the river police and Customs. The *Stationnaires* of the Powers at the mouths of the Danube may, however, ascend the river as far as Galatz.

ARTICLE 53. The European Commission of the Danube, of which Roumania shall be represented, is maintained in its functions, and shall exercise them henceforth as far as Galatz,<sup>2</sup> in complete independence of the territorial authorities. All the treaties, arrangements, acts, and decisions, relating to its rights, privileges, prerogatives, and obligations, are confirmed.

ARTICLE 54. One year before the expiration of the term assigned for the duration of the European Commission,<sup>3</sup> the Powers shall come to an understanding as to the prolongation of its powers, or the modifications which they may consider necessary to introduce.

<sup>1</sup> On April 5, 1880, a commercial treaty was concluded between Great Britain and Roumania, by Article 8 of which it was stipulated that British consular officers in Roumania should enjoy whatever privileges, exemptions, and immunities, were at that time or might thereafter be granted to consular officers of the most favoured nations, but no consular convention has yet been concluded between the two countries. In May, 1887, notes were exchanged between the Austro-Hungarian and Roumanian Governments, providing that after January 1, 1888, Austria-Hungary would no longer protect any persons residing in Roumania who were not Austro-Hungarian subjects.

<sup>2</sup> Extended to Ibraila by treaty of March 10, 1883.

<sup>3</sup> April 24, 1883.

ARTICLE 55. The regulations respecting navigation, river police, and supervision from the Iron Gates to Galatz, shall be drawn up by a European Commission, assisted by delegates of the Riverain States, and placed in harmony with those which have been or may be issued for the portion of the river below Galatz.

ARTICLE 56. The European Commission of the Danube shall come to an arrangement with the proper authorities to ensure the maintenance of the lighthouse on the Isle of Serpents.

ARTICLE 57. The execution of the works which have for their object the removal of the obstacles which the Iron Gates and the Cataracts place in the way of navigation is entrusted to Austria-Hungary. The Riverain States on this part of the river shall afford every facility which may be required in the interest of the works.

The provisions of Article 6 of the Treaty of London of March 13, 1871, relating to the right of levying a provisional tax, in order to cover the cost of these works, are maintained in favour of Austria-Hungary.

ARTICLE 58. The Sublime Porte cedes to the Russian Empire in Asia the territories of Ardahan, Kars, and Batoum, together with the latter port, as well as all the territories comprised between the former Russo-Turkish frontier and the following frontier line (boundary follows).

ARTICLE 59. His Majesty the Emperor of Russia declares that it is his intention to constitute Batoum a free port, essentially commercial.<sup>1</sup>

ARTICLE 60. The Valley of Alaschkerd and the town of Bayazid, ceded to Russia by Article 19 of the Treaty of San Stefano, are restored to Turkey.

The Sublime Porte cedes to Persia the town and territory of Khotour, as fixed by the mixed Anglo-Russian Commission for the delimitation of the frontiers of Turkey and of Persia.

ARTICLE 61. The Sublime Porte undertakes to carry out without further delay the improvements and reforms demanded by local requirements in the provinces inhabited by the Armenians, and to guarantee their security against the Circassians and Kurds.

<sup>1</sup> On July 3, 1886, the Russian Ambassador in London delivered to the Earl of Rosebery a notice announcing the intention of the Emperor of Russia to terminate the arrangement embodied in Article 59 of the Treaty of Berlin, constituting Batoum a free port, but stating that it would "preserve in the future the character of a port essentially commercial." On July 13 the Earl of Rosebery instructed Her Majesty's Ambassador at St. Petersburg to inform M. de Giers that Her Majesty's Government could not consent to recognize or associate themselves in any shape or form with this proceeding of the Russian Government, and that they were compelled to place on record their view that it constituted a violation of the Treaty of Berlin, unsanctioned by the signatory Powers.

It will periodically make known the steps taken to this effect to the Powers, who will superintend their application.<sup>1</sup>

ARTICLE 62. The Sublime Porte having expressed the intention to maintain the principle of religious liberty, and give it the widest scope, the contracting parties take note of this spontaneous declaration.

In no part of the Ottoman Empire shall difference of religion be alleged against any person as a ground for exclusion or incapacity as regards the discharge of civil and political rights, admission to the public employments, functions, and honours, or the exercise of the various professions and industries.

All persons shall be admitted, without distinction of religion, to give evidence before the tribunals.

The freedom and outward exercise of all forms of worship are assured to all, and no hindrance shall be offered either to the hierarchical organization of the various communions or to their relations with their spiritual chiefs.

Ecclesiastics, pilgrims, and monks of all nationalities, travelling in Turkey in Europe or Turkey in Asia shall enjoy the same rights, advantages, and privileges.

The right of official protection by the diplomatic and consular agents of the Powers in Turkey is recognized, both as regards the above-mentioned persons and their religious, charitable, and other establishments in the holy places and elsewhere.

The rights possessed by France are expressly reserved, and it is well understood that no alterations can be made in the *status quo* in the holy places.

The monks of Mount Athos, of whatever country they may be natives, shall be maintained in their former possessions and advantages, and shall enjoy, without any exception, complete equality of rights and prerogatives.

ARTICLE 63. The Treaty of Paris of March 30, 1856, as well as the Treaty of London of March 18, 1871, are maintained in all such of their provisions as are not abrogated or modified by the preceding stipulations.<sup>2</sup>

<sup>1</sup> On June 11, 1880, an identic note was addressed to the Porte by the Powers demanding the complete and immediate execution of this engagement, and on February 9, 1882, a scheme of reform was prepared, but it was not carried into execution.

<sup>2</sup> The provisions of the Treaty of Paris with regard to the Dardanelles were as follows:

"ARTICLE 1. His Majesty the Sultan, on the one part declares that he is firmly resolved to maintain for the future the principle invariably established as the ancient rule of his empire, and in virtue of which it has at all times been prohibited for the ships of war of foreign Powers to enter the Straits of the Dardanelles and the Bosphorus, and so long as the Porte is at peace His Majesty will admit no foreign ships of war into the said Straits. And Their Majesties the Queen of the United Kingdom



ARTICLE 64. The present treaty shall be ratified and the ratifications exchanged at Berlin within three weeks, or sooner if possible.

In faith whereof the respective Plenipotentiaries have signed it and affixed to it the seal of their arms.

Done at Berlin the thirteenth day of the month of July, one thousand eight hundred and seventy-eight.

(L.S.) BEACONSFIELD.	(L.S.) SAINT VALLIER.
(L.S.) SALISBURY.	(L.S.) H. DESPREZ.
(L.S.) ODO RUSSELL.	(L.S.) L. CORTI.
(L.S.) v. BISMARCK.	(L.S.) LAUNAY.
(L.S.) BÜLOW.	(L.S.) GORTCHAKOW.
(L.S.) HOHENLOHE.	(L.S.) SCHOUVALOFF.
(L.S.) ANDRASSY.	(L.S.) P. D'OUBRIL.
(L.S.) KAROLYI.	(L.S.) AL. CARATHÉODORY.
(L.S.) HAYMERLE.	(L.S.) MEHEMED ALI.
(L.S.) WADDINGTON.	(L.S.) SADOULLAH.

CONVENTION BETWEEN AUSTRIA-HUNGARY AND TURKEY  
RESPECTING THE OCCUPATION AND ADMINISTRATION BY  
AUSTRIA-HUNGARY OF THE PROVINCES OF BOSNIA AND  
THE HERZEGOVINA.

(CONSTANTINOPLE, APRIL 21, 1879.)

THE Governments of Austria-Hungary and Turkey having reserved to themselves the right of coming to an understanding with regard to the details of the occupation stipulated for by Article 25 of the Treaty of Berlin, *and the fact of the occupation of Bosnia and the Herzegovina in no way affecting the rights of sovereignty of His Imperial Majesty the Sultan over these provinces*, the two Governments have named for their Plenipotentiaries—

Austria-Hungary, on the one part, His Excellency M. le Comte Zichy, etc.; and Turkey, on the other part, His Excellency Al. Carathéodory Pasha, etc., and His Excellency Munif Effendi, etc.;

Who, after having exchanged their full powers, found in good and due form, have agreed upon the following articles:

ARTICLE 1. The administration of Bosnia and the Herzegovina shall be carried on by Austria-Hungary conformably to Article 25 of the Treaty of Berlin. The Austro-Hungarian Government,

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Great Britain and Ireland, the Emperor of Austria, the Emperor of the French, the King of Prussia, the Emperor of all the Russias, and the King of Sardinia, on the other part, engage to respect the determination of the Sultan, and to conform themselves to the principle above declared."

This closing of the Dardanelles was emphasized by special British and Russian declarations at the Congress of Berlin, in addition to the general statement of Article 63.

however, does not object to retain all those existing functionaries who may possess the necessary aptitude for the good administration of their departments. In filling up vacancies, preference will be given by the Austro-Hungarian Government to natives of these provinces.

ARTICLE 2. The freedom and outward exercise of all existing religions shall be assured to persons residing or sojourning in Bosnia and the Herzegovina. Especially, entire freedom is assured to Mussulmans in their relations with their spiritual chiefs.

The commanders of the troops of His Majesty the Emperor and King, and the administrative authorities, shall continue to take the greatest care that no injury be done to the honour, to the customs, to the freedom of religion, to the security of the persons, or to the property, of Mussulmans. All aggression against Mussulmans, their property or their religion, shall be severely punished. The name of His Majesty the Sultan shall continue to be used in the public prayers of the Mussulmans as in times past.

Wherever it shall have been the custom to hoist the Ottoman flag on the minarets, this custom shall be respected.

ARTICLE 3. The revenues of Bosnia and the Herzegovina shall be exclusively appropriated to the needs, to the administration of, and to the improvements deemed necessary in, those provinces.

ARTICLE 4. The Ottoman currency shall continue to have free circulation in Bosnia and the Herzegovina.

ARTICLE 5. The Sublime Porte shall dispose as it thinks fit of the arms, warlike stores, and other articles belonging to the Ottoman Government, and which were found in the fortified place or in the garrisons. For this purpose inventories shall be prepared with the intervention of Commissioners of the two Governments.

ARTICLE 6. The question of the treatment of the inhabitants of Bosnia and the Herzegovina sojourning or travelling outside these provinces shall be regulated subsequently by a special arrangement.

ARTICLE 7. To attain in a common interest the political and military object that Article 25 of the Treaty of Berlin has in view concerning the sandjak of Novi Bazar, the two Governments have resolved to regulate the mode in which it shall henceforth be carried into execution. For this purpose the Government of His Majesty the Emperor and King undertakes to give notice beforehand to the Government of His Majesty the Sultan of the time when the entrance of the imperial and royal troops shall take place.

In order to prevent all unnecessary delay, the two Governments, each in so far as it is itself concerned, undertake, should occasion arise, to furnish their authorities and commanders without delay

<sup>1</sup> In September, 1879, the Austro-Hungarian troops occupied the sandjak of Novi Bazar, and on December 20, 1879, a law was passed including Bosnia and the Herzegovina within the Austro-Hungarian Customs Union.

with the full powers necessary to settle directly among themselves the questions connected with the subsistence of the imperial and royal troops, as well as to their quartering and other details relating thereto. Moreover, it is understood that all expenses incurred under this head shall be borne by the Austro-Hungarian Government.

ARTICLE 8. The presence of the troops of His Majesty the Emperor and King in the sandjak of Novi Bazar will not interfere with the functions of the Ottoman administrative authorities, judicial or financial, of every kind, which will continue to be exercised as in former times under the exclusive and direct orders of the Sublime Porte.

ARTICLE 9. Should the Sublime Porte wish to maintain regular troops at the places in the sandjak of Novi Bazar where the Austro-Hungarian troops shall be garrisoned, no obstacles shall be raised to it. The troops of the two States shall be placed on a footing of perfect equality with regard to their numbers and military advantages and the freedom of their movements.

The Sublime Porte engages to maintain no irregular troops throughout the sandjak of Novi Bazar.

ARTICLE 10. It is nevertheless understood that the power of Austria-Hungary to maintain a sufficient number of troops, as circumstances may require, at the places where it is intended to keep garrisons in conformity with the stipulations of Article 7, is not to be restricted by these arrangements.

In faith of which the Plenipotentiaries of Austria-Hungary and of Turkey have signed the present convention and have affixed to it the seal of their arms.

Constantinople, April 21, 1879.

(L.S.) ZICHY.

(L.S.) AL. CARATHÉODORY.

(L.S.) MUNIF.

*Annex to the above Convention.*

It is understood that under the present circumstances the Government of Austria-Hungary, while reserving to itself all the rights secured to it by Article 25 of the Treaty of Berlin, only intends to place garrisons at three points situated on the Lim between the frontiers of Servia and Montenegro; these points being Priboi, Priépoliyé, Biélopoliyé. The number of troops at present destined for the service of these garrisons will not exceed a total of between 4,000 and 5,000 men. If in the course of events the necessity should arise of placing garrisons at other points, it shall be carried out on both sides in accordance with the arrangements specified in Article 7, excepting that, should the

## 808 LORD ROSEBERRY'S DESPATCH

Austrian Government have the intention of placing troops at points on the Balkan de Ragosna, it will be necessary to come to a direct understanding on that point with the Sublime Porte.

Constantinople, April 21, 1879.

ZICHY.

AL. CARATHÉODORY.

MUNIF.

### BRITISH PROTEST WITH REGARD TO THE BREACH BY RUSSIA OF ARTICLE 59 OF THE TREATY OF BERLIN.

THE EARL OF ROSEBERRY TO SIR R. MORIER.

FOREIGN OFFICE, *July 13, 1886.*

SIR,

On the 3rd instant the Russian Ambassador read to me a circular despatch from his Government announcing the determination of the Emperor of Russia to abrogate the clause of the 59th Article of the Treaty of Berlin which declares His Majesty's intention to constitute Batoum a free port. It is argued in the circular and the memorandum annexed to it that this step is no infraction of the treaty, as the article is not an ordinary one, but rests on a spontaneous declaration of the late Emperor.

The circular further explains that the inconvenience arising from the status of Batoum under the treaty renders an alteration of that status necessary.

And lastly it announces that, as Batoum would remain essentially a commercial port, the situation would not be changed.

As regards the last point, I need only say that Her Majesty's Government fully appreciate this declaration.

I took the opportunity of at once pointing out to M. de Staal some of the considerations which occurred to me at first sight. These observations I have already recorded in my despatch of the 3rd instant to Your Excellency.

But it is necessary, without loss of time, to define the attitude of Her Majesty's Government in face of this proceeding.

In the first place, it must be understood that Her Majesty's Government cannot accept the view that this step on the part of Russia does not constitute an infraction of the Treaty of Berlin. of which, indeed, it obliterates a distinct stipulation. Granting the doctrine, which, as far as Her Majesty's Government are aware, is an entirely novel one, that the spontaneous declaration of His Majesty the late Emperor is not to be considered as binding, because it was spontaneous, it cannot be denied that its embodiment in the treaty placed it on the same footing as any other part of that instrument. If this be not so, for what reason was it inserted? Had it merely been desired to place an intention on

record, the statements in the Protocol were more than sufficient. But there are further circumstances which are conclusive on the point.

I have already cited, both to Your Excellency and M. de Staal, the passages from the Protocols of the Congress of Berlin which show that Prince Bismarck and Count Andrassy on the part of Germany and Austria-Hungary, and Count Schouvaloff on the part of Russia, recognized the action of Russia as constituting Batoum a free port, not at the will and pleasure of the Russian Government, but as a definitive act endorsed by Europe, and international in its character; while the British Plenipotentiaries stated that it was the condition on which they assented to the acquisition of Batoum by Russia. The declaration, accepted in this spirit and on this understanding, was embodied as an integral clause of the treaty. It is therefore impossible to contend that this provision stands on a different footing from the other stipulations of that instrument. This being so, the terms of the Protocol of London of the 17th of January, 1871, are applicable in all their force. I have already cited to Your Excellency, and I need hardly repeat, that the Great Powers on that occasion recognized by a solemn Act "that it is an essential principle of the law of nations that no Power can liberate itself from the engagements of a treaty, nor modify the stipulations thereof, unless with the consent of the contracting Powers by means of an amicable arrangement." That consent Russia does not even seek on the present occasion. But it is scarcely possible that her Government should consider this international act as having become obsolete, for it was appealed to by the Russian Plenipotentiary in the recent Conference at Constantinople. In the seventh sitting of that Conference, on the 25th of November last, M. de Nélidoff remarked: "À un point de vue plus général le maintien du Traité de Berlin était en accord avec les termes du Protocole signé à Londres le 17 Janvier, 1871, Protocole qui établit comme un principe essentiel du droit des gens, etc. Ce principe nous paraissait particulièrement applicable à la situation diplomatique produite par les récents engagements, et aucune Puissance n'ayant exprimé l'intention de s'écarter du Traité de Berlin nous avons des raisons de croire à son maintien intégral."

To these observations the British Plenipotentiary replied: "Le fait de viser dans la Conférence l'un des articles du traité ne peut conduire à cette conclusion qu'on désire toucher à la validité du traité lui-même. Bien au contraire le Gouvernement Anglais y tient tout autant que les autres Puissances . . . Aucune modification au texte d'un article du Traité de Berlin ne peut évidemment être faite que du consentement unanime des Puissances, et c'est justement le terrain sur lequel le Gouvernement Britannique s'est toujours placé et sur lequel il se maintient aujourd'hui."

Under these circumstances Her Majesty's Government cannot

recognize any amount of commercial inconvenience as furnishing a justification for a peremptory declaration of the Russian Government, on its sole authority, that this portion of the treaty is to be regarded as no longer valid. The question from this point is one which concerns all the Powers parties to the declaration of the 17th of January, 1871, and to the Treaty of Berlin.

Apart from the position of Great Britain as one of those Powers Her Majesty's Government have little or no material interest in the matter. As a matter of commerce, it may be remarked that the trade of France with Batoum is much the most considerable, that of Turkey comes next, and that of Great Britain is relatively small. Nor are there any further interests involved which mainly concern this country. Other Powers are no doubt directly or indirectly affected by the alteration of the commercial status of Batoum, but Her Majesty's Government do not feel that this is sensibly the case so far as Great Britain is concerned.

One direct, supreme and perpetual interest, however, is no doubt at stake in this transaction—that of the binding force and sanctity of international agreements. Great Britain is ready at all times and in all seasons to uphold that principle, and she cannot palter with it in the present instance.

Her Majesty's Government cannot therefore consent to recognize or associate themselves in any shape or form with this proceeding of the Russian Government. They are compelled to place on record their view that it constitutes a violation of the Treaty of Berlin, unsanctioned by the signatory Powers; that it tends to make future conventions of the kind difficult, if not impossible; and to cast doubt, at least, on those already concluded.

It must be for the other Powers to judge how far they can acquiesce in this breach of an international engagement. But in no case can Her Majesty's Government have any share in it. It must rest upon the sole responsibility of its authors.

Your Excellency will read and give a copy of this despatch to M. de Giers.

I am, etc.,  
ROSEBERY.

#### THE AUSTRO-TURKISH PROTOCOL

CONSTANTINOPLE, *February 27.*<sup>1</sup>

THE following are the provisions of the Protocol of the agreement between Austria-Hungary and Turkey signed here yesterday :

Article 1 declares the renunciation by Austria-Hungary of all rights in the sandjak of Novi-Bazar.

Article 2 provides that the Convention of April 21, 1871, together with the protest of the Porte against the decision of the

<sup>1</sup> *Times*, February 27, 1909.

## THE AUSTRO-TURKISH PROTOCOL 811

Austro-Hungarian Government in regard to Bosnia and Herzegovina, and all other dispositions and arrangements running counter to that decision which have been made between the two contracting parties, shall be abrogated and replaced by the present Protocol, which declares that every divergency between the contracting parties with regard to the two provinces are removed, and that the Turkish Government expressly recognizes the state of things created by the aforesaid decision of Austria-Hungary.

Article 3 provides that Bosnians now living in Turkey and Turks now living in Bosnia retain their Ottoman nationality. Bosnians may still be admitted into Turkey, and will be able to dispose of their real property in Bosnia without any restrictions whatever, and may administer and lease such property themselves. Bosnians staying temporarily in Turkey will be treated like other Austro-Hungarian subjects.

Article 4 assures to Mohammedans permanently or temporarily residing in Bosnia the freedom and the open exercise of their faith as hitherto. Mohammedans after, as before, the conclusion of the agreement will possess equal and political rights with those professing other creeds. The name of the Sultan as Caliph will continue to be mentioned in the public prayers of the Mohammedans. The rights of pious foundations (*Vakufs*) will be respected as hitherto, and no obstacles will be placed in the way of the intercourse of the Mohammedans with their ecclesiastical heads. The latter will remain subject to the Sheikh-ul-Islam at Constantinople, who invests the Reis-ul-Ulema with his authority.

Article 5 says that, as the decision of the Court of Arbitration found that the Turkish State, according to Turkish law regarding the ownership of land, possessed real estate of different kinds in Bosnia and Herzegovina, the Austro-Hungarian Government pledges itself within fifteen days after the ratification of this Protocol to pay to the Ottoman Government in Constantinople the sum of £12,500,000 (£2,250,000) in gold as compensation for this real property.

Article 6 says that Austria-Hungary pledges herself within two years of the ratification of the Protocol to conclude a commercial treaty with Turkey based on European international law, which treaty will take effect in so far as the other commercial treaties negotiated by the Porte shall have been concluded and come into force on the same basis. In the meantime Austria-Hungary consents, first, to the increase of the Turkish *ad valorem* Customs duties from 11 to 15 per cent. after the expiry of fifteen days from the ratification of the present Act; secondly, to the introduction of new monopolies in Turkey, or to the levying of taxes on the consumption of petroleum, cigarette-papers, matches, alcohol, and playing-cards. All this is conceded on the understanding that the

same treatment be applied simultaneously and without discrimination to the imports of other countries into Turkey. As far as the introduction of monopolies in certain articles is concerned, the Turkish Government shall be bound to import such articles of Austrian or Hungarian origin in quantities equivalent to Austria-Hungary's percentage of the total yearly imports of these articles. In case Turkey, instead of introducing monopolies, should decide to levy taxes on the consumption of the articles in question, these taxes shall be levied in equal amount upon Turkish products of the same value and upon those of other States.

Article 7 says: "Inasmuch as the Austro-Hungarian Government acknowledges the sovereign rights of the Porte in matters affecting the postal service, it pledges itself after the ratification of the Protocol to give up those Austro-Hungarian post-offices situated in places where there are no other foreign post-offices, and similarly to give up the remaining Austro-Hungarian post-offices in Turkey as soon as the other Powers which possess post-offices in Turkey give them up."

Article 8 says: "As the Porte intends to open negotiations with the Powers interested to secure the supersession of the capitulations in Turkey by international law, Austria-Hungary, recognizing the justice of this intention of the Porte, is already prepared to give Turkey in this matter her full and unreserved support."

Article 9 provides that the ratifications of the Protocol are to be exchanged as soon as possible, and at latest within two months' time.

#### SERBIAN NOTE OF MARCH 31, 1909.<sup>1</sup>

"La Serbie reconnaît qu'elle n'a pas été atteinte dans ses droits par le fait accompli créé en Bosnie et Herzégovine, et qu'elle se conformera, par conséquent, à telle décision que les puissances prendront par rapport à l'article 25 du Traité de Berlin. Se rendant aux conseils des grandes puissances, la Serbie s'engage, dès à présent, à abandonner l'attitude de protestation et d'opposition qu'elle a observée à l'égard de l'annexion depuis l'automne dernier, et elle s'engage, en outre, à changer le cours de sa politique actuelle envers Autriche-Hongrie pour vivre désormais avec cette dernière sur le pied de bon voisinage. Conformément à ces déclarations, et confiante dans les intentions pacifiques d'Autriche-Hongrie, la Serbie ramènera son armée à l'état du printemps, 1908, en ce que concerne son organisation, sa dislocation, et son effectif, et elle désarmera et licenciera ses volontaires et ses bandes, et elle empêchera la formation de nouvelles unités irrégulières sur son territoire.

<sup>1</sup> *Times*, March 31, 1909.



# IV.—STATISTICAL TABLES AND WEIGHTS AND MEASURES.

## STATISTICAL TABLES.

TABLE I.<sup>1</sup>

### AUSTRIA: BUDGET ESTIMATES OF REVENUE AND EXPENDITURE FOR THE YEAR 1908.

(Those of 1907 are also given, for the purpose of comparison.)

	Revenue.	Expenditure.
	£	£
The Emperor's Household ... ..	—	470,888
The Emperor's Chancery ... ..	—	7,855
Houses of Parliament ... ..	—	155,687
Supreme Court of Justice ... ..	—	2,811
Council of Ministers and Court of Justice for administrative affairs ... ..	109,899	181,825
Contribution to common affairs ... ..	—	11,771,658
Ministry of—		
The Interior ... ..	117,952	3,505,383
National Defence ... ..	56,821	3,279,739
Public Worship and Education ... ..	757,266	4,664,898
Finance ... ..	57,345,981	29,687,253
Commerce ... ..	7,819,912	8,272,702
Railways ... ..	20,591,854	17,171,804
Agriculture ... ..	1,731,278 <sup>2</sup>	2,588,431 <sup>3</sup>
Justice ... ..	164,046	3,585,371
Audit Office ... ..	—	26,258
Pensions ... ..	296,110	3,542,834
<b>Total ... ..</b>	<b>88,990,614<sup>2</sup></b>	<b>88,909,292<sup>2</sup></b>
„ 1907 ... ..	86,573,009 <sup>2</sup>	86,535,894 <sup>2</sup>

### ESTIMATES FOR THE YEAR 1907.

	Revenue.	Expenditure.
	£	£
The Emperor's Household ... ..	—	470,833
The Emperor's Chancery ... ..	—	7,382
Houses of Parliament ... ..	—	140,030
Supreme Court of Justice ... ..	—	2,671
Council of Ministers and Court of Justice for administrative affairs ... ..	106,290	171,892
Contribution to common affairs ... ..	—	11,491,825
Ministry of—		
The Interior ... ..	114,388	3,278,460
National Defence ... ..	58,551	2,996,406
Public Worship and Education ... ..	716,651	3,845,800
Finance ... ..	56,693,859	30,089,300
Commerce ... ..	7,469,263	8,024,226
Railways ... ..	19,257,282	16,870,970
Agriculture ... ..	1,703,560	2,614,786
Justice ... ..	162,050	3,213,586
Audit Office ... ..	—	24,304
Pensions ... ..	296,115	3,293,423
<b>Total ... ..</b>	<b>86,573,009</b>	<b>86,535,894</b>

<sup>1</sup> Tables I. to XII. are taken from Foreign Office Reports, Annual Series, No. 4,109.

<sup>2</sup> Excluding estimates for "improvement funds."

<sup>3</sup> Including estimates for "improvement funds"—viz., £215,147.

TABLE II.

AUSTRIA: ESTIMATED RECEIPTS FROM PRINCIPAL TAXES AND OTHER IMPORTANT SOURCES OF REVENUE FOR THE YEARS 1907 AND 1908.

	1907.	1908.
	£	£
Direct taxes—		
Land and house tax ... ..	6,180,000	6,476,000
Tax on industries ... ..	3,776,000	3,837,000
Personal income tax ... ..	2,453,000	2,537,000
Execution fees and interest on deferred payment of taxes ... ..	139,000	142,000
Total ... ..	12,548,000	12,992,000
Customs ... ..	5,133,000	5,433,000
Indirect taxes—		
Excise duties on spirits, wine, meat, beer, sugar, etc. ... ..	14,424,000	14,846,000
Salt monopoly ... ..	1,974,000	1,981,000
Tobacco monopoly ... ..	9,844,000	10,165,000
Stamps and fees ... ..	6,777,000	6,898,000
Taxes on railway tickets, lotteries, and assaying ... ..	2,041,000	2,085,000
Total ... ..	35,060,000	35,975,000
Mint ... ..	48,000	68,000
Other important sources of revenue—		
Official newspapers ... ..	81,000	84,000
Military tax ... ..	90,000	104,000
State printing-press ... ..	281,000	290,000
Posts and telegraphs ... ..	6,100,000	6,633,000
Postal savings bank ... ..	545,000	599,000
State forests and domains ... ..	648,000 <sup>1</sup>	698,000 <sup>2</sup>
State salt-mines ... ..	737,000 <sup>1</sup>	924,000 <sup>2</sup>
Total ... ..	8,482,000	9,382,000
Grand total ... ..	61,271,000	63,850,000

TABLE III.

AUSTRIA: SUPPLEMENTARY ESTIMATES FOR THE YEAR 1908.

In the spring of 1908 a Bill containing supplementary estimates for 1908 was laid before Parliament in view of the alterations in the Budget for that year necessitated by the resolutions of the delegations and the conclusion of the *Ausgleich* with Hungary. Besides the above, the purchase by the State of certain house

<sup>1</sup> Including estimates of receipts from the "improvement funds."

<sup>2</sup> Excluding estimates of receipts from the "improvement funds."

property and the increased profits derived from the Austro-Hungarian Bank had to be taken into account.

The supplementary estimates were as follows:

	<i>Revenue.</i> £	<i>Expenditure.</i> £
Contribution to common affairs ... ..	—	91,626
Ministry of—		
Finance ... ..	110,810	32,968
Railways ... ..	441,666	441,666
Total ... ..	551,976	566,255

TABLE IV.

AUSTRIA: REVISED ESTIMATES FOR THE YEAR 1908.

The whole Budget for 1908, which had meanwhile been examined and passed practically unaltered by the Budget Committee, had, however, to be recast in May owing to the creation of a new Ministry—viz., that of Public Works—to which were assigned, in addition to its special duties, various functions previously performed by the Ministries of Commerce, of the Interior, of Agriculture, and of Education. The reductions in the estimates for the four latter approximately cover the cost of the new Ministry.

	<i>Revenue.</i> £	<i>Expenditure.</i> £
The Emperor's Household ... ..	—	470,838
The Emperor's Chancery ... ..	—	7,355
Houses of Parliament ... ..	—	155,637
Supreme Court of Justice ... ..	—	2,811
Council of Ministers and Court of Justice for administrative affairs ... ..	109,899	181,325
Contribution to common affairs ... ..	—	11,863,284
Ministry of—		
The Interior ... ..	86,799	1,856,945
National Defence ... ..	56,321	3,279,739
Public Worship and Education ... ..	673,854	4,059,172
Finance ... ..	57,455,959	29,705,485
Commerce ... ..	7,754,188	8,118,936
Railways ... ..	21,033,520	17,613,471
Agriculture ... ..	771,057 <sup>1</sup>	1,769,995 <sup>1</sup>
Justice ... ..	164,046	3,585,371
Public Works ... ..	1,140,837	3,298,597
Audit Office ... ..	—	26,258
Pensions ... ..	296,110	3,542,834
Total ... ..	89,542,590 <sup>1</sup>	89,538,048 <sup>1</sup>

<sup>1</sup> Excluding estimates for "improvement funds."

TABLE V.

HUNGARY: BUDGET ESTIMATES OF REVENUE AND EXPENDITURE  
FOR THE YEARS 1907 AND 1908.

REVENUE.				1907.	1908.
				£	£
1. Ordinary revenue—					
Parliament ... ..				—	796
Pensions ... ..				12,500	13,750
Loans chargeable to individual Ministries ...				8,394	8,394
Ministry of—					
The Interior ... ..				598,625	537,197
Finance ... ..				31,866,704	34,111,313
Commerce ... ..				14,883,648	16,192,535
Agriculture ... ..				1,847,712	1,964,911
Public Worship and Education ...				267,492	277,104
Justice ... ..				77,129	79,362
National Defence (Honved) ...				27,647	30,564
National Debt ... ..				99,946	102,055
Total ... ..				49,189,797	53,317,921
2. Extraordinary revenue ... ..				3,395,014	4,890,843
Grand total ... ..				52,584,811	58,208,764

EXPENDITURE.				1907.	1908.
				£	£
1. Ordinary expenditure—					
Civil List ... ..				470,833	470,833
Royal Chancery ... ..				7,382	7,382
Parliament ... ..				166,835	171,000
Common expenditure ... ..				3,172,230	3,172,230
Pensions chargeable to common expenditure				524	849
Pensions ... ..				1,089,269	1,168,400
National debt ... ..				10,941,839	11,256,230
Guaranteed railway interest ... ..				1,013,154	1,013,154
Loans chargeable to individual Ministries ...				414,940	430,330
Advances in respect of railway guarantees ...				43,990	44,200
Internal administration of Croatia-Slavonia				910,416	933,500
Court of—					
Accounts ... ..				16,357	16,357
Appeal ... ..				26,817	27,790
Cabinet Council ... ..				60,542	59,400
Ministry <i>ad latus</i> ... ..				6,490	6,600
Ministry for Croatia-Slavonia ... ..				4,520	4,590
Ministry of—					
The Interior ... ..				2,752,909	2,920,233
Finance ... ..				7,755,073	8,655,500
Commerce ... ..				10,482,880	12,373,000
Agriculture ... ..				2,274,500	2,481,800
Public Worship and Education ...				2,206,065	2,659,500
Justice ... ..				1,739,238	1,895,900
National Defence (Honved) ...				1,725,515	1,795,400
Total ... ..				47,232,318	51,595,400
2. Extraordinary expenditure ... ..				2,045,957	2,671,000
Public works (Investitionen) ...				3,255,681	3,941,300
Grand total ... ..				52,583,956	58,207,840

HUNGARY: REVISED ESTIMATES FOR THE YEAR 1908.

The Finance Committee, charged with the examination of the Budget, made certain proposals which led to a revision of the estimates. The final figures submitted to Parliament in May, and passed in June, were as follows:

						£
Revenue	...	...	...	...	...	57,896,845
Expenditure	...	...	...	...	...	57,894,923
						<hr/>
Surplus	...	...	...	...	...	1,922

TABLE VI.

HUNGARY: PRINCIPAL RECEIPTS FROM EXCISE DUTIES ON VARIOUS ARTICLES DURING THE YEARS 1905 AND 1906.

Excise on—					1905. £	1906. £
Spirits	...	...	...	...	2,912,000	3,411,000
Sugar	...	...	...	...	1,310,000	1,777,000
Petroleum	...	...	...	...	486,000	507,000
Meat	...	...	...	...	351,000	367,000
Wine	...	...	...	...	796,000	869,000
Beer	...	...	...	...	984,000	1,050,000
					<hr/>	<hr/>
Total	...	...	...	...	6,789,000	7,981,000

TABLE VII.

HUNGARY: RECEIPTS FROM TOBACCO AND SALT MONOPOLIES AND LOTTERIES DURING THE YEARS 1905 AND 1906.

					1905. £	1906. £
Tobacco	...	...	...	...	3,439,000	3,151,000
Salt	...	...	...	...	1,165,000	1,155,000
Lotteries	...	...	...	...	109,000	120,000
					<hr/>	<hr/>
Total	...	...	...	...	4,713,000	4,426,000

TABLE VIII.

**HUNGARY: RECEIPTS FROM AND EXPENSES OF CERTAIN STATE PROPERTIES AND UNDERTAKINGS IN 1906, TOGETHER WITH THE AVERAGE RECEIPTS AND EXPENSES OF THE YEARS 1901-1905.**

	Average, 1901-1905.		1906.	
	<i>Receipts.</i>	<i>Expenses.</i>	<i>Receipts.</i>	<i>Expenses.</i>
	£	£	£	£
State lands ...	39,000	41,000	118,000	96,000
„ forests ...	791,000	588,000	923,000	578,000
„ horse-breeding establishments ...	420,000	542,000	380,000	555,000
„ mines ...	1,486,000	1,557,000	1,408,000	1,583,000
„ buildings ...	69,000	86,000	70,000	24,000
„ railways ...	9,776,000	6,434,000	11,947,000	7,927,000
„ iron works ...	1,332,000	1,396,000	1,864,000	1,778,000
„ printing-press ...	86,000	71,000	107,000	83,000
Total ...	13,999,000	10,665,000	16,815,000	12,624,000

TABLE IX.

**AUSTRIA: DEBT OF THE AUSTRIAN HALF OF THE DUAL MONARCHY, 1906 AND 1907.**

	1906.	1907.	<i>Increase or Decrease in 1907.</i>
	£	£	£
Consolidated debt ...	176,669,000	188,516,000	+ 11,847,000
Floating debt ...	3,866,000	2,520,000	- 1,346,000
Total ...	180,535,000	191,036,000	+ 10,501,000

The net increase in the Austrian debt thus amounted to £10,501,000, and resulted from the following financial operations:

Increase—					£
Issue of 4 per cent. Crown rentes ( <i>Tilgungsrente</i> , 1907)	...	...	...	...	713,000
Acquisition of preference shares of the Northern Railway	...	...	...	...	10,859,000
Acquisition of preference shares of the Northern Railway (of 1906)	...	...	...	...	14,000
Railway loans	...	...	...	...	790,000
Repayment of deposits, bonds, etc.	...	...	...	...	11,000
Two local railways	...	...	...	...	200,000
Total	...	...	...	...	12,587,000
Decrease—					
Ordinary redemption	...	...	...	...	729,000
" " of river regulation loans	...	...	...	...	1,000
Payments of deposits, etc.	...	...	...	...	11,000
Redemption of mortgages	...	...	...	...	1,845,000
Total	...	...	...	...	2,086,000

TABLE X.

COST OF NATIONAL DEBT.

This table shows the amounts which have been expended in interest on, and on the redemption and control of, the general national and the Austrian national debts in the years 1905 and 1906:

	1905. £	1906. £
A. General national debt, interest and redemption	9,999,000	9,886,000
B. Austrian debt, interest and redemption	7,323,000	7,954,000
C. Control of A and B and share of control of general floating debt (70 per cent.)	57,000	6,000
Total	17,379,000	17,846,000
Contribution from Hungary for interest and redemption of general national debt	2,526,000	2,526,000
Total paid by Austria	14,853,000	15,320,000

TABLE XI.

HUNGARY: THE HUNGARIAN NATIONAL DEBT IN 1905  
AND 1906.

## I. CONSOLIDATED AND NATIONAL DEBTS (BOTH CATEGORIES).

	1905.	1906.
	£	£
Unredeemable loans—		
4 per cent. gold rents ... ..	48,160,000	48,160,000
4 „ „ Crown rents ... ..	94,791,000	94,793,000
3½ „ „ Crown rents ... ..	2,287,000	2,287,000
Total ... ..	145,238,000	145,240,000

## II. PRINCIPAL ANNUITY DEBTS.

	1905.	1906.
	£	£
Interest payable in gold—		
Zágrab Károlyváros Railway State debt ... ..	460,000	459,000
8 per cent. Iron Gates loan ... ..	1,827,000	1,821,000
Interest payable in silver—		
Hungarian Galician Railway—		
First loan ... ..	577,000	573,000
Second loan ... ..	192,000	189,000
Third loan ... ..	169,000	172,000
Interest payable in notes of the State bank—		
Hungarian quota of the Austro-Hungarian		
Bank loan ... ..	660,000	647,000
Theiss Railway redemption debt ... ..	817,000	790,000
1870 premium loan ... ..	1,200,000	1,160,000
Commutation of suspension bridge tolls ... ..	26,000	26,000
Tisza-Szeged loan ... ..	2,625,000	2,552,000
4 per cent. ground mortgage debt ... ..	15,603,000	15,517,000
4 „ „ preference loan of the Buda-Pest-		
Pécs Railway ... ..	734,000	730,000
1902 4½ per cent. redemption loan for		
Hungarian towns and municipalities ... ..	4,407,000	4,370,000
Redemption of Hungarian lines of Austro-		
Hungarian State Railway ... ..	15,550,000	15,507,000
Advance from Austro - Hungarian State		
Railway to the State ... ..	18,000	—
Purchase price of Arad-Temesvár Railway ... ..	445,000	443,000
Total ... ..	45,310,000	44,956,000

## III. DEPARTMENTAL DEBTS.

	1905.	1906.
	£	£
Ministry of—		
The Interior ... ..	101,000	96,000
Commerce ... ..	2,329,000	2,452,000
Agriculture ... ..	673,000	706,000
Public Worship and Education ... ..	2,523,000	2,805,000
Justice ... ..	768,000	762,000
Defence ... ..	578,000	553,000
Finance ... ..	500,000	479,000
Total ... ..	7,472,000	7,853,000
Grand total (I., II., III.) ... ..	198,020,000	198,049,000



TABLE XII.

TRADE BETWEEN AUSTRIA AND HUNGARY IN THE  
YEARS 1905 AND 1906.

## VALUE OF EXPORTS.

	Raw Materials.	Half- Manufactured Articles.	Manufactured Articles.	Total.
	£	£	£	£
1905—				
Hungary to Austria	23,990,000	2,936,000	14,244,000	41,200,000
Austria to Hungary	4,302,000	4,946,000	32,553,000	41,801,000
1906—				
Hungary to Austria	25,925,000	4,012,000	15,154,000	45,091,000
Austria to Hungary	4,608,000	6,592,000	38,408,000	49,608,000

TABLE XIII.<sup>1</sup>  
AUSTRO-HUNGARIAN EXPORTS AND IMPORTS, 1902-1906.  
AUSTRIA-HUNGARY: IMPORTS THEREFROM.

Principal and Other Articles.	Quantities.					Values.				
	1902.	1903.	1904.	1905.	1906.	1902.	1903.	1904.	1905.	1906.
Chemical manufactures and products of all sorts	—	—	—	—	—	—	—	—	—	—
Corn, grain, etc.:										
Barley - - - - -	396,268	700,109	513,800	47,100	165,600	87,149	38,021	44,351	38,330	15,298
Wheatmeal and flour - -	688,962	817,879	783,294	622,885	628,230	126,442	235,513	187,847	16,962	65,464
Offals: Sharps and mid- dlings - - - - -	100,751	90,800	43,400	1,000	18,620	392,135	471,025	480,253	389,381	342,190
Farinaceous substances (except starch, farina, dextrine, and potato flour) - - - - -	—	—	—	—	—	25,797	28,294	10,628	242	4,805
Drugs, unenumerated - -	Value	44,243	17,796	43,046	71,820	10,717	18,237	6,912	10,989	23,851
Dye-stuffs, and substances used in tanning or dyeing:	—	—	—	—	—	37,000	26,087	27,234	21,381	21,597
Extracts - - - - -	—	—	—	—	—	148,083	132,546	122,968	101,659	70,224
Fruit liable to duty:										
Plums, dried or preserved	8,234	2,121	631	678	7,460	9,005	2,352	550	637	7,282
Glue, size, and gelatine -	10,053	12,372	17,581	22,033	22,590	19,621	28,389	34,522	38,772	33,278
Gum Arabic - - - - -	1,266	760	272	1,046	393	5,142	2,411	788	2,469	787
Hemp, dressed or undressed	330	203	381	1,225	1,806	10,278	6,258	11,511	87,871	68,460
Hides, raw - - - - -	2,593	7,538	1,726	248	976	5,792	20,501	8,906	852	3,212
Leather - - - - -	676	125	850	278	168	4,940	729	2,246	1,542	1,071
Metals and ores:										
Iron, pig - - - - -	221	275	5,649	5,598	6,543	890	2,695	32,132	21,636	42,059
Manufactures ore - - -	—	936	803	—	—	—	7,838	8,060	—	—
Zinc, crude - - - - -	50	133	174	91	—	507	3,446	8,596	—	2,171

Methylie alcohol	-	Gallons	54,430	29,010	19,380	49,510	17,807	7,938	4,328	2,693	6,181	1,819
Mica	-	Cats.	-	-	10	-	-	-	-	18	-	-
Mineral water	-	Doz. bottles	36,084	84,451	110,528	119,847	61,412	9,434	30,526	47,863	46,946	22,706
Oil, olive	-	Tons	70	32	54	40	238	2,288	1,371	1,882	1,416	8,884
" petroleum	-	Gallons	70,795	349,650	1,516,224	2,999,004	2,677,247	2,445	9,688	25,058	47,498	44,823
Oil-seed cake	-	Tons	-	1,844	2,674	1,016	5	-	12,661	15,259	7,623	31
Painters' colours	-	Cats.	Value	4,637	4,395	3,502	4,876	12,586	8,206	2,768	2,537	4,122
Paper: Unprinted	-	"	6,688	20,626	16,645	21,693	21,261	4,837	16,798	11,956	13,555	14,574
" Strawboard, mill-board, and wood-pulp board	-	"	24,126	38,715	19,144	27,505	29,771	11,136	15,533	9,104	11,589	13,186
Paper-making materials of all sorts	-	Tons	245	150	2,208	3,213	1,842	1,926	1,440	17,366	28,421	18,297
Seeds of all sorts	-	Value	-	-	-	-	-	4,438	5,411	5,531	2,026	1,531
Skins, goat, undressed	-	Number	33,980	30,430	236,300	8,900	16,480	3,575	7,982	23,520	847	2,009
Spirits, sweetened or mixed, tested	-	Proof gallons	3,136	3,075	2,879	3,102	2,904	6,064	4,655	5,365	5,645	5,238
Starch, farina, dextrine, and potato flour	-	Cats.	32,467	38,662	29,795	19,294	32,714	21,457	29,949	24,025	16,018	26,385
Sugar, refined	-	"	83,223	835,987	183,470	105,313	4,200	37,389	411,410	98,134	85,471	2,363
" unrefined	-	"	340,523	1,688,495	741,055	441,675	242,584	126,279	709,708	345,696	273,737	100,692
Talc, etc.	-	"	26,247	21,087	27,378	24,703	19,010	5,842	5,197	6,040	6,733	4,428
Wood, hewn, oak	-	Loads	7,921	7,654	8,028	8,503	7,162	93,653	88,095	92,773	103,738	91,073
" sawn, of all sorts	-	"	12,246	20,844	14,019	5,887	11,718	33,116	60,676	40,193	16,270	36,801
" staves	-	"	358	94	514	463	16	2,509	817	6,506	5,016	202
" manufactures of all sorts	-	Value	-	-	-	-	-	5,123	5,337	6,773	7,550	7,020
Wool: sheep or lambs wool	-	Lbs.	31,920	150,340	73,922	110,008	101,810	1,089	4,982	2,132	4,614	3,500
Parcel Post (goods free of duty)	-	No. of Parcels	7,153	8,747	5,860	3,571	2,655	7,444	8,641	5,893	3,589	2,752
All other articles	-	Value	-	-	-	-	-	106,657	86,923	93,882	108,459	106,861
Total	-	"	-	-	-	-	-	1,389,758	2,543,666	1,817,054	1,488,604	1,212,890

<sup>1</sup> Fiscal Blue-Book, Od. 3,529, p. 206.

TABLE XIII.—*Continued.*  
AUSTRIA-HUNGARY : EXPORTS THERETO.  
*Produce and Manufactures of the United Kingdom.*

<i>Principal and Other Articles.</i>	<i>Quantities.</i>					<i>Value.</i>				
	1902.	1903.	1904.	1905.	1906.	1902.	1903.	1904.	1905.	1906.
Apparel - - - - - <i>Value</i>										
Arms, ammunition, and military and naval stores - - -	-	-	-	-	-	£ 12,076	£ 16,330	£ 12,806	£ 14,824	£ 19,715
Casotcheou manufactures - - -	-	-	-	-	-	14,842	10,972	49,268	24,750	5,689
Chemicals and chemical preparations - - -	-	-	-	-	-	2,806	8,219	17,540	17,187	21,217
Coal, coke, and manufactured fuel - - - <i>Tons</i>	-	-	-	-	-	20,686	31,059	41,785	37,739	32,434
Cotton yarn - - - <i>Lbs.</i>	398,839	450,053	486,738	522,623	749,412	227,144	242,315	255,241	263,892	386,885
Cottons entered by the yard - - - <i>Yards</i>	3,513,500	2,661,700	3,328,600	3,064,900	3,586,000	144,042	128,676	199,158	169,639	255,025
Cottons entered at value - <i>Value</i>	2,179,000	2,404,700	2,101,900	1,899,700	2,004,500	26,509	34,457	29,816	28,623	34,886
Fish of all sorts <sup>1</sup> - - - <i>Cwt.</i>	-	-	-	-	-	49,975	85,965	70,174	155,199	227,209
Hardware - - - - -	435	486	484	1,178	7,104	6,940	6,086	7,117	4,359	6,712
Implements and tools - <i>Value</i>	-	-	-	-	-	3,589	8,730	8,105	5,500	6,987
Leather, wrought and unwrought - - - - -	-	-	-	-	-	2,905	3,252	3,845	7,096	3,194
Linen yarn - - - - - <i>Lbs.</i>	164,900	204,300	53,100	42,000	44,200	21,561	26,285	40,439	26,188	35,762
Machinery : steam engines <sup>2</sup> <i>Tons</i>	-	-	283	260	488	13,061	16,693	4,622	3,589	4,126
" all other sorts <sup>3</sup> - - -	-	-	2,960	2,364	4,369	22,819	19,558	10,446	12,742	16,617
Metals :						238,973	251,011	205,260	154,449	213,719
Copper, wrought and unwrought - - - - -	282	534	251	807	197	12,981	32,048	15,407	21,428	17,716
Iron, wrought and unwrought - - - - -	4,048	3,266	4,740	6,754	9,398	39,121	47,156	53,604	60,624	64,194
Tin, unwrought - - -	-	-	-	-	-	22,404	25,763	-	15,941	13,844
Unmanufactured and mixed	-	-	-	-	-	-	-	-	-	-

Painters' colours and materials - - - Cwts.	8,736	10,527	9,608	10,948	11,669	12,889	18,312	15,609	20,311
Paraffin wax - - - "	5,848	1,100	2,812	1,146	13,201	6,579	1,478	3,137	1,551
Ships and boats, new (not registered as British), with their machinery Gross tonnage	27,692	32,084	22,816	19,069	665,547	823,055	408,147	244,990	206,401
Silk manufactures - - Value	—	—	—	—	9,068	6,712	9,569	10,388	17,399
Stationery, other than paper	—	—	—	—	22,260	26,207	31,505	31,938	29,163
Wool - - - Lbs.	522,000	661,000	515,000	619,000	19,551	26,297	37,093	25,817	35,664
Wollen and worsted yarn - - "	105,000	181,700	239,200	397,400	19,278	8,768	15,311	21,080	37,999
Yarn, alpaca, mohair, and other sorts - - - "	11,000	70,500	116,500	174,800	1,367	1,354	7,460	12,320	18,867
Wollens and worsteds entered by the yard - - Yards	228,600	331,600	511,100	642,800	55,698	74,896	94,549	142,769	180,474
Parcel Post - - No. of parcels	42,944	45,525	53,163	56,264	71,384	67,052	66,470	84,845	107,276
All other articles - - Value	—	—	—	—	92,454	131,653	131,552	154,883	251,780
Total - - - "	—	—	—	—	1,922,997	1,743,915	1,898,767	1,856,672	2,432,895

## Foreign and Colonial Merchandise.

Candles of all sorts - - Cwts.	152	156	198	40	383	388	—	494	100
Caoutchouc - - - "	1,857	644	55	197	25,142	5,004	600	1,314	4,124
Cocoa, raw - - - Lbs.	230,129	186,769	320,424	371,464	6,755	5,785	8,931	7,382	9,381
Coffee, raw - - - Cwts.	41,337	82,597	121,405	98,917	129,797	228,027	231,614	383,568	276,360
Corn, grain, etc. :									
Rice, rice meal, and flour	411	959	7,395	6,649	161	375	2,267	3,796	3,805
Cotton, raw - - - "	8,364	2,282	2,054	5,431	18,830	8,196	20,977	5,458	18,360
" waste - - - Lbs.	631,500	161,300	90,000	—	8,069	1,982	830	629	—
Drugs, unenumerated - Value	—	—	—	—	2,214	1,300	2,705	3,689	4,161
Dyeing or tanning stuffs :									
Indigo - - - Cwts.	27	45	20	85	351	669	245	234	949
Feathers, ornamental - Lbs.	35,049	14,095	19,113	10,480	55,856	50,474	41,387	42,317	81,902
Fish, cured or salted - Cwts.	14,456	17,643	16,564	26,921	21,816	26,926	23,624	28,377	41,114

<sup>1</sup> Quantity not shown prior to 1906.<sup>2</sup> Quantity not shown prior to 1904.<sup>3</sup> Quantity not shown prior to 1903.

TABLE XIII.—Continued.  
EXPORTS: FOREIGN AND COLONIAL MERCHANDISE.—Continued.

Principal and Other Articles.	Quantities.					Values.				
	1902.	1903.	1904.	1905.	1906.	1902.	1903.	1904.	1905.	1906.
Gum of all sorts - - - Cwts.	1,953	2,016	1,415	1,436	3,346	£ 8,349	£ 6,877	£ 8,786	£ 6,662	£ 12,923
Hemp, dressed or undressed - - - Tons	198	205	124	188	281	4,861	6,077	4,068	5,048	9,364
Hides, raw - - - Cwts.	7,398	4,088	4,756	3,646	8,319	15,942	10,641	14,138	8,295	7,981
Jute manufactures - - - Value	—	—	—	—	—	9,389	12,988	20,098	14,911	17,744
Lard - - - Cwts.	—	—	100	990	—	—	—	220	1,792	—
Leather - - - " Tons	8,001	11,672	13,907	6,903	12,484	92,768	130,944	142,125	74,747	153,007
Machinery and mill work <sup>1</sup> . - - - Tons	—	—	40	165	38	34,835	10,597	4,818	10,475	4,500
Metals:										
Copper, unwrought, part wrought, and old copper - - - " Tons	70	362	15	4	127	3,583	21,707	890	150	10,270
Tin in blocks, etc. - - - " Tons	—	86	16	33	63	—	3,377	2,005	4,124	10,260
Oil, fish - - - Tons	—	83	75	68	151	1,564	1,725	1,525	1,005	2,915
" palm - - - Cwts.	10,508	2,594	7,172	845	4,090	11,898	3,159	7,873	1,182	4,504
" seed - - - Tons	55	53	7	50	96	1,428	1,461	117	837	1,938
Paraffin wax - - - Cwts.	261	101	25	300	20	368	192	46	470	31
Plaiting of straw and other materials - - - Lbs.	11,594	5,700	72,500	41,536	170,780	378	287	3,309	2,088	8,228
Shells of all kinds - - - Value	—	—	—	—	—	42,913	31,460	28,088	70,142	58,657
Skins and furs:										
sheep, undressed - - - Number	9,200	6,400	28,149	2,971	6,602	263	386	2,663	335	526
Spices of all sorts - - - Lbs.	1,351,239	1,029,510	908,224	886,200	867,924	80,347	27,898	23,159	22,389	28,926
Sponge - - - " Tons	12,241	24,142	7,605	15,025	4,888	872	5,681	2,062	1,789	603
Tallow and stearine - - - Cwts.	2,640	4,096	5,536	4,265	2,369	3,355	5,076	6,983	5,486	8,152
Tea - - - Lbs.	171,571	178,841	213,442	311,698	391,619	7,957	9,367	10,838	13,918	18,697
Wool, sheep or lambs - - - " Tons	—	—	—	—	—	140	—	2,213	15,011	843
All other articles - - - Value	—	—	—	—	—	46,910	53,428	54,487	61,147	76,496
Total - - - "	—	—	—	—	—	598,489	672,854	678,686	746,551	816,109
Total of British and Foreign Exports	—	—	—	—	—	5,611,480	2,410,900	2,567,468	2,609,970	3,348,004

TABLE XIV.<sup>1</sup>

## AMOUNTS OF AUSTRIAN SECURITIES, AND THEIR DISTRIBUTION ABROAD, 1901.

Description of Security.	Amount of Capital at End of 1901.	Presumable Amount held Abroad.		Amount actually Paid in 1901 for—				Amount Redeemed Abroad.	Presumable Participation of Foreign Countries in the Different Securities.	
		Mill. Kr.	Per Cent.	Interest or Dividend.	Capital Reimbursed.	Total.	Interest or Dividend.		Capital Reimbursed.	
General Debt and Austrian National Debt ... ..	8,741.4	2,697.5	30.8	340.9	23.8	364.2	61.5	106.6	7.2	
Public loans ... ..	772.7	80.1	10.4	31.2	10.5	41.8	4.5	3.5	1.4	
Debentures, communal railway loans, and other bank securities ... ..	2,320.2	77.0	3.3	92.0	23.5	115.6	5.0	3.6	2.7	
Railway preference bonds ... ..	4,237.7	3,074.4	72.4	139.3	26.3	165.7	105.0	94.7	16.8	
Bonds of other transport undertakings ... ..	75.4	29.2	38.7	3.2	1.0	4.2	1.3	1.2	0.3	
Bonds of industrial companies ... ..	54.1	17.4	32.3	2.4	1.2	3.6	0.9	0.7	0.2	
Different lottery bonds ... ..	229.1	8.1	3.5	5.7	10.2	15.9	—	0.2	0.2	
Shares of transport undertakings ... ..	1,552.5	609.8	39.3	82.5	1.7	84.2	19.9	25.8	0.9	
Bank shares ... ..	807.6	168.4	20.9	56.5	—	56.5	5.4	11.7	—	
Shares of insurance institutions ... ..	41.6	13.9	33.4	3.9	—	3.9	1.3	1.5	—	
Shares of industrial undertakings ... ..	735.1	80.5	11.0	59.3	—	59.3	3.7	7.5	—	
Total ... ..	19,567.6	6,856.6	35.0	817.2	97.8	915.0	208.7	257.0	29.9	
„ in £ sterling ... ..	815,316,000	285,691,000	—	34,050,000	4,075,000	38,125,000	8,695,000	10,708,000	1,245,000	

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, p. 80.

TABLE XV.<sup>1</sup>  
CHURCH PROPERTY IN AUSTRIA, 1900 (IN MILLION KRONEN).

Administrative Unit or Province.	Income.	Expenditure.	Assets.	Including—				Liabilities.
				Land and Other Real Estate.	Public Securities.	Private Capital.	Various.	
Lower Austria ... ..	9.7	5.6	131.1	49.0	78.1	1.1	2.9	0.2
Upper Austria ... ..	4.0	3.2	55.1	10.1	42.2	1.9	0.8	1.3
Salzburg ... ..	2.1	2.0	26.7	6.2	13.4	2.6	2.6	0.9
Styria ... ..	3.4	3.0	45.9	13.0	28.0	2.6	2.3	1.5
Carinthia ... ..	1.4	0.6	19.8	5.4	14.2	0.1	0.004	—
Carniola ... ..	1.5	0.8	27.2	5.2	10.5	1.8	9.5	0.06
Litoral (Küstenland) ... ..	2.1	1.0	15.0	4.9	5.2	3.9	0.9	0.8
Tirol and Vorarlberg ... ..	5.9	3.4	86.2	16.3	17.7	42.7	9.4	2.1
Bohemia ... ..	15.2	8.9	208.9	94.8	92.1	8.1	13.8	8.8
Moravia ... ..	5.2	2.8	82.1	35.5	43.8	2.4	0.3	0.08
Silesia ... ..	1.5	1.5	17.5	9.3	7.5	0.6	0.04	0.2
Galicia ... ..	6.0	1.4	88.5	45.8	38.1	0.02	9.5	—
Bukowina Catholic Church ...	0.06	0.02	—	—	—	—	—	—
With Greek Orthodox Church	1.4	1.0	0.7	0.7	—	—	—	—
Dalmatia Catholic Church ...	1.5	0.7	8.8	5.3	1.0	0.5	1.9	0.01
With Greek Orthodox Church	1.8	0.8	9.6	5.9	1.0	0.5	2.0	0.04
Total, Catholic Church ...	59.7	35.5	813.6	301.5	387.2	70.5	54.2	16.3
Total, Catholic Church in £ sterling ... ..	2,487,000	1,479,000	33,900,000	12,582,000	16,138,000	2,937,000	2,258,000	679,000
Total, including Greek Orthodox Church ... ..	61.4	36.6	815.1	302.9	387.3	70.6	54.3	16.4
Total, including Greek Orthodox Church, in £ sterling ... ..	2,568,000	1,525,000	33,902,000	12,620,000	16,147,000	2,941,000	2,262,000	683,000



TABLE XVI.<sup>1</sup>MONASTIC HOUSES IN AUSTRIA AND THEIR MEMBERS,  
1900.

Administrative Unit or Provinces.	Monks' Orders.		Nuns' Orders.		Total.	
	Houses.	Members.	Houses.	Members.	Houses.	Members.
<b>A. Latin and Armeno- Catholic Regular Clergy :</b>						
Lower Austria ... ..	77	1,512	252	3,934	329	5,446
Upper Austria ... ..	25	401	97	1,530	122	1,931
Salzburg... ..	9	123	11	947	20	1,070
Styria ... ..	39	886	15	1,479	54	2,365
Carinthia ... ..	12	207	18	294	30	501
Carniola... ..	11	155	3	146	14	301
Litoral (Küstenland) ...	22	215	9	317	31	532
Tirol and Vorarlberg ...	70	1,552	56	3,355	126	4,907
Bohemia... ..	81	749	124	2,334	205	3,083
Moravia ... ..	31	264	81	1,121	112	1,385
Silesia ... ..	9	54	48	893	57	947
Galicia ... ..	95	1,348	154	2,693	249	4,041
Bukowina ... ..	—	—	—	—	—	—
Dalmatia ... ..	60	309	9	151	69	460
<b>Total ... ..</b>	<b>541</b>	<b>7,775</b>	<b>877</b>	<b>19,194</b>	<b>1,418</b>	<b>26,969</b>
<b>B. Greek-Orthodox Regu- lar Clergy :</b>						
Bukowina ... ..	8	43	—	—	3	43
Dalmatia ... ..	11	42	—	—	11	42
<b>Total ... ..</b>	<b>14</b>	<b>85</b>	<b>—</b>	<b>—</b>	<b>14</b>	<b>85</b>

<sup>1</sup> Foreign Office Reports, Annual Series, No. 3,343, p. 66.

**WEIGHTS, MEASURES, AND MONEY.**

Metric centner = 220·46 pounds.

Hold = 1·43 acres.

Hectare = 2·471 acres.

Hectolitre = 22·01 gallons.

Kilometre = 0·621 mile.

Crown (korona) = 10d.

Filler (heller) =  $\frac{1}{10}$ d.

Florin (gulden) = 2 crowns = 1s. 8d.

Under the old coinage 1 florin = 100 kreutzer, 1 kreutzer = 2 heller.

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